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PROGRESS REPORT ON THE MANAGEMENT EXCELLENCE PROGRAMME IN UNICEF

SUMMARY

The present report responds to Executive Board decision 1995/25 (E/ICEF/1995/9/Rev.1), adopted at the third regular session in September 1995, in which the secretariat was requested to provide the Board with regular updates on progress made in the follow-up to the management review exercise.

Following a brief introduction, chapter I focuses on progress made since the last report to the Executive Board (E/ICEF/1996/AB/L.6), including examples of office-level initiatives as well as activities concerning the integrated budget, the Programme Manager System and staff advisory councils that have an impact at the global level. Chapter II details the convergence of management excellence recommendations and their linkages to the Booz•Allen & Hamilton study, including the following areas: the changing environment; proposals on structure; work processes and systems; and human resources. Chapter III reports on the next steps to be taken by the UNICEF secretariat in the Management Excellence Programme. A timetable for management excellence recommendations is contained in the annex.

* E/ICEF/1996/13.

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INTRODUCTION

1. From its beginnings as a programme driven mainly by special Management Excellence Programme (MEP) project teams formed around the issues raised by the Booz•Allen & Hamilton study, MEP is rapidly becoming an organization-wide effort as increasing numbers of staff and UNICEF offices worldwide engage in activities at the local level to improve work processes.

I. PROGRESS SINCE THE LAST REPORT TO THE EXECUTIVE BOARD

A. Office-level initiatives

2. As the complex process of reviewing organizational structures and systems continues, many immediate qualitative improvements already have taken place as a result of office-level initiatives for improvements based on follow-up to audit observations and staff assessments of office performance.

3. Several UNICEF offices have developed and are implementing office improvement plans; current work processes and planning are under scrutiny; and issues such as "value for money", improved inter-office communication, the fair and consistent application of personnel policies, and staff development have taken on new importance. The results of these efforts are being assessed and standard guidelines are being prepared on the development, implementation and monitoring of office improvement plans. Some examples of office-initiated improvements are detailed below.

4. The Americas and Caribbean region has developed a plan for strengthening management competencies within the region through a series of workshops, research projects and coaching of staff. It begins with an assessment of the management culture of each office. Office teams are trained to redesign work processes and build managerial skills. Management improvement strategies are then developed, including indicators to evaluate impact. This process has been initiated in the Ecuador, Colombia, Mexico and Venezuela offices and is planned for UNICEF Brazil and Cuba.

5. UNICEF Bangladesh created a small task force to make recommendations on the optimal country office structure to meet the challenges of the current country programme. This process has led to a significant restructuring of the way the Bangladesh field offices and country office operate and to an improvement in the way UNICEF staff members work together, based on the Guiding Principles for Staff Commitment and Conduct. A new office structure was derived from redesigned work processes, greater delegation, the elimination of duplication in many work processes and the organization of work around skills and functions rather than through the maintenance of the artificial distinction between the programme and operational support sections.

6. The East Asia and Pacific Regional Office has begun to build a regional management team (RMT) and to improve the role of the regional office in supporting country programme preparation and review. An RMT has been formed on an experimental basis consisting of the Regional Director and representatives. Jointly, the representatives have provided input into the development of the 1996 regional office work plan, especially on proposals for support in the areas of programme, administration, finance, supply and human resources. This implies

a shift in the way regional planning takes place by creating a participatory process in which senior managers take responsibility for planning priorities and allocating resources to benefit the region as a whole.

7. UNICEF Guinea has taken steps to improve programme effectiveness, promote "value for money" awareness and improve human resources management. A staff retreat held in January included a field visit for all staff to UNICEF-supported projects, discussions of critical issues related to programme and office management, and established improvement objectives for the 1996 work plan. Several concrete recommendations were implemented immediately or are being tested to create a more harmonious and motivating work environment, cost-effectiveness and improved human resources management. African proverbs that embody the UNICEF Guiding Principles have been used to animate discussions with staff, providing a local perspective to the discussion on applying the principles in the office.

8. Six multisectoral teams were established in the Indonesia office to recommend improved management practices in individual and team performance appraisal, staff motivation, increased cost-efficiency, developing an ongoing situation analysis of children and women, and focusing UNICEF support more effectively on poverty alleviation.

9. The Morocco office improvement plan is focusing on improving cost-effectiveness, better resource sharing within the region, working in more integrated and cross-functional ways through teams, reviewing job descriptions and improving inter-office communications.

10. A Management Reform Team has been established at the UNICEF Namibia office to be responsible for management excellence activities. The team has developed an office action plan for improving management practices which focuses on human resources, programme coordination, information sharing and management training. This process already has resulted in increased staff participation and better communication among work units in implementing efforts aimed at office improvement. This has resulted in enhanced staff morale.

11. At UNICEF Rwanda, a representative 16-member Management Council met from 4-6 March to debate issues such as management style, measuring performance, strengthening internal controls, working in teams and improving communication. The Council drafted terms of reference for a long-term office improvement plan that will include the development of a new country programme management plan, work planning, training and capacity-building for strengthening internal controls. Intensive training exercises in work process improvement and "people skills" were held in March and April.

12. UNICEF Tunis has created cross-functional teams to review a number of work processes related to human resources management. Reports from the teams were discussed office-wide in April, and an office improvement plan was formulated for staff development, communication, team building, individual and team performance assessment, and strengthening capacities for human resources management. Staff development activities currently are taking place, including the upgrading of language and computer skills, the use of electronic mail and financial monitoring of projects.

13. In Viet Nam, the country office has created a Staff Advisory Council to review and recommend improvements in (a) programme delivery, situation analysis and policy advice to the Government; (b) the sustainability of the mid-decade goals; (c) efforts to build partnerships with civil society; and (d) internal cost-effectiveness. With support from the regional personnel officer, the Council audited the staff structure for the purpose of recommending a more rational use of staff, the grades of posts and the suitability of job descriptions. The office already has had the new Guiding Principles printed on the back of all staff identification cards.

14. Improvements to management practices have been included in the UNICEF Zaire 1996 work plan, including a human resources management review, an office improvement plan, experimentation with peer and supervisor assessment, a mid-year team self-assessment exercise and a comprehensive analysis of programme management at the subnational level which will have a direct bearing on how UNICEF deploys and manages human resources throughout Zaire. Mechanisms have been put in place to provide more opportunities for cross-functional teamwork, including increased networking between countries in the region. UNICEF Zaire and UNICEF Congo health staff already have benefited from sharing knowledge and expertise, and programmatic strategies, particularly for children in especially difficult circumstances, are developed on an intercountry basis with Rwanda and Burundi.

15. In addition to the above-mentioned sample office-level initiatives, several important MEP activities already are having an impact at the global level, as described below.

B. Integrated budget

Background

16. The Booz•Allen & Hamilton (BAH) study recommended the integration of programme and administrative budgets in country offices as well as the integration of the global funds and administrative budgets for headquarters and regional offices.

17. More specifically, BAH recommended that country offices include both programme and administrative expenditures in one budget; develop coordinated programme and administrative plans; and prepare the budget on the same cycle as the country programme in order to present a comprehensive view of country office budget proposals to the Executive Board for review. For headquarters and regional offices, BAH pointed out that the use of global funds clouded transparency since budgeting and reporting for global funds is done independently from the administrative and programme support budget process. BAH recommended that for each headquarters division and each region, amounts allocated from the administrative, programme support and global funds budgets should be itemized separately.

Action

18. Considerable follow-up action to the BAH recommendations has taken place. In response to Executive Board decision 1995/30 (E/ICEF/1995/9/Rev.1), an integrated budget for headquarters and regional offices (E/ICEF/1996/AB/L.5) was submitted to the Executive Board at its second regular session in April 1996.

The budget incorporated the budgets of the previous administrative and programme support budget, the global funds budget and the posts previously funded under the 6 per cent recovery provision. Thus, for the first time, an integrated budget has been prepared for headquarters and regional offices.

19. Following this recommendation, the secretariat has taken steps to review country programme recommendations (CPRs) being submitted to the Executive Board in 1997 in an integrated budget format. This means that in addition to the levels of programme assistance proposed, the complementary structures of programme support, management and administration are being examined and planned as a constituent part of the country programme. This is the first time that a link is being established formally between the country programme budget and the administrative and programme support budgets for the full period of the country programme cycle. Further in-house discussions are taking place on the refinement of the process, and informal consultations will be held with Executive Board members later this year.

C. Programme Manager System

20. A roll-out plan has been established for the new Programme Manager System (PROMS), enabling it to be launched in several field offices by the end of 1996 and installed in the majority of UNICEF offices by the end of 1997. Regional teams have analysed current hardware and staff capacities and requirements and have prepared regional plans to build capacity for the introduction of PROMS in all offices. The capacity gap was found to be manageable within the existing resource framework, although special attention may need to be paid to Africa. PROMS will be part of the new central financial system and also will be linked to the recommended global supply database to provide the basis for organizational monitoring of resource use and programme implementation.

D. Staff advisory councils

21. Staff consultation and participation continue to be a major strength in implementing MEP, and the staff advisory councils have broadened considerably their impact on the programme as a whole, and in particular on project team recommendations. As the forum where the work of all regional councils converges, the Global Advisory Council has begun to develop mechanisms for monitoring the application of the Guiding Principles for Staff Commitment and Conduct and is working with the human resources group on finding ways to bring the Guiding Principles to life in the daily work practices of UNICEF staff and office teams.

22. The regional and headquarters advisory councils have engaged UNICEF staff worldwide in discussions on how to improve operating practices by strengthening systems and adopting new behaviour to reflect the Guiding Principles for Commitments and Conduct. The councils also have an essential monitoring role in these efforts. Staff advisory councils have been testing project team recommendations by reviewing the preliminary proposals and providing detailed comments for guidance. For example, six of the seven regional advisory councils met during March-April to review proposals for a new macro-structure and to discuss proposals for staff deployment and a new human resources strategy. Many of the councils have developed comprehensive work plans for activities to be undertaken in the next 12 months to promote MEP and have formed strong alliances with regional directors, the regional planning and management teams, and staff associations.

II. CONVERGENCE OF MANAGEMENT EXCELLENCE RECOMMENDATIONS AND THEIR LINKAGES TO THE BOOZ•ALLEN & HAMILTON STUDY

23. As reported in the "Progress report on the management excellence programme in UNICEF" (E/ICEF/1996/AB/L.6), submitted to the Executive Board at its second regular session in April 1996, the Structure of Accountability Phase I project team presented its initial recommendations to the MEP Steering Committee on 22-25 January 1996. The principles which guided their efforts to design a new macro-structure for UNICEF were outlined in the progress report, as was a summary of the direction of their proposals. The Executive Director then appointed a small working group (the Transition Team) to review the proposals on structure and to test their validity, especially in terms of their potential for improving oversight and accountability, ensuring decentralization, clarifying the role of headquarters and regional offices, and fostering teamwork as a strategy for greater participation and effectiveness.

24. As was also reported in the progress report, the project teams working on relations with the United Nations system and intergovernmental and non-governmental organizations (NGOs) and on relations with National Committees presented their findings and recommendations to the Steering Committee. The findings of those teams, as well as those of the Communication project team, were discussed with the Transition Team dealing with structure and incorporated into the recommendations made to the MEP Steering Committee when it met on 13 and 15 April on a redesigned macro-structure of accountability for UNICEF.

25. At the present time, all of the project teams that were designated to complete recommendations affecting organizational structure - Structure of Accountability Phase I, Relations with National Committees, Relations with the United Nations System and Intergovernmental and Non-governmental Organizations, and Communications - have now completed their work. The secretariat is ready to move ahead - with a broad consensus on the principles and direction of MEP - to consult with the Executive Board for further guidance.

A. The changing environment

26. There has been a remarkable convergence among the findings of the MEP project teams in terms of the challenges UNICEF will face in the future. The environment in which UNICEF can expect to operate in the next decade is characterized by rapid change, economic globalization, growing urbanization, weakening ability of Governments to guarantee the availability of social services, an increasing gap between the rich and the poor, and shrinking overseas development assistance. UNICEF must strengthen its ability to act flexibly, to continuously monitor the impact of the changing environment on children and to modify its policies and strategies accordingly.

27. The UNICEF of the twenty-first century will need to maintain increasingly complex partnerships with national Governments, local governments, civil society, the private sector and non-governmental grass-roots organizations. The implications are that UNICEF will need to manage diversity within an environment of increasing globalization. One of the organization's greatest assets will be its knowledge and capacity to influence new thinking on children's issues worldwide, as well as its ability to take action to demonstrate the validity of these ideas. UNICEF already is called upon increasingly to be the "voice" of children, especially as the implementation of the Convention on the Rights of the Child gains momentum.

28. The organization also will need to understand and respond to shifts in development cooperation and, as various national economies expand - especially countries in transition and middle-income countries - to new opportunities to mobilize resources for children have to be explored.

29. In the context of organizational change in UNICEF, the emerging consensus is that initial priority should be given to strengthening and renewing key operating systems for managing programmes, people and funds; revising major work processes; and investing in staff development to bring about the behavioural changes that working in new ways will require. This reconfirms the priorities identified by BAH for improved programme processes and monitoring, cost-effectiveness and accountability. BAH recommended that accountability should be seen as more than a mere transaction, highlighting the need to transform the management culture in UNICEF to one in which authority is clearly delegated and each staff member knows what he or she is accountable for.

30. The findings of the project teams and preliminary indications from the systems studies call for a phased decentralization of functions and decision-making authority to country offices, which would clarify accountability and reinforce country programmes as the central strength of the organization. For this reason, structural changes should be driven by the imperative of making UNICEF operate more effectively at the field level, with the first priority to the establishment of the prerequisite standards, systems, competencies, skills and values.

31. At the last meeting of the Management Excellence Steering Committee (13 and 15 April), consensus was reached on the principles and directions of the new UNICEF structure, as described below, which respond to both the UNICEF Mission and the Guiding Principles for Commitment and Conduct.

B. Proposals on structure

Relationships between country and regional offices and headquarters

32. The Steering Committee supported the concept of a decentralized structure, with the country programme at its core, and with clearly defined roles for headquarters and regional offices, which would add value and not duplicate the front-line work of country offices.

33. The diversity among countries and regions, together with the decentralized nature of UNICEF, give regional offices special significance within a UNICEF organizational system. Regional offices will be accountable for monitoring the performance of country offices and taking action if performance falls below acceptable norms. The regional office, with the RMT, would define the priorities of the region, adapting global goals to regional and country realities. The regional director, with the RMT, would assume responsibility for support to the development of country programmes and for clearance of CPRs for submission to the Executive Board. The RMT also would contribute the regional perspective to the global processes of policy development and strategic planning.

34. It also is recommended that the heads of all offices managing country programmes should be designated as representatives, without necessarily changing

the level of the existing posts for heads of offices now called sub-offices. Such offices, with low general resources ceilings, would continue to share services with other larger offices in the area in order to make maximum use of available resources. It also was agreed that representatives would report to regional directors, thereby increasing accountability and oversight as well as establishing a more manageable and realistic span of supervision.

35. These recommendations reinforce those made by the BAH study, specifically on the need for a clearly defined role for regional offices, closer supervision of country representatives, and a more timely and less cumbersome country programme planning and preparation process.

36. The Steering Committee clarified the role of headquarters to provide overall policy guidance that reflects linkages to the United Nations system and the guidance of the Executive Board, with responsibility for strategic planning for the whole organization, including the allocation of financial resources, human resources planning and oversight of the UNICEF system as a whole. Headquarters also should provide leadership in managing and integrating the global perspective in all aspects of its work, including strategic planning, policy development, guidelines for management and quality assurance.

37. BAH found that the impact of UNICEF around the world would not be possible without a powerful and effective programme capability. The Steering Committee agreed that the programme functions carried out in New York would need to be organized so that they focus on providing leadership and state-of-the-art knowledge on the main areas of UNICEF work. The New York programme group also should guide programme policy formulation and strategies, and gather and share lessons learned globally from both UNICEF and external experiences.

38. As recommended by BAH, this more strategic approach to the work carried out in New York would maintain the operational focus at the country level and concentrate the activities of headquarters technical advisers more appropriately on building and managing the knowledge of the organization and guiding the application of policies.

Creation of management teams

39. The Steering Committee recommended that management teams should be established at global, regional and country locations as necessary mechanisms for integrating the various offices or functional units of the organization. They would advise on future strategies, guide the setting of priorities, discuss policy issues that require the attention of the Executive Board and advise on major issues related to the allocation of human and financial resources. The management teams also would monitor organizational performance against standards for assuring quality.

40. While the exact composition of the management teams has yet to be defined, it was recommended that country management teams should be comprised of the representative, senior staff in the country and staff representatives. RMTs should include the regional director, country representatives and National Committees, with staff representatives. These management teams would be the integrating structures set up in the field. The UNICEF system as a whole would be managed by the Global Management Team, comprised of the Executive Director, deputies, regional directors and New York department directors, with staff representation.

41. The concept of management teams would contribute significantly to addressing the BAH recommendation for a more collaborative process for defining the priorities of the organization on an ongoing basis that take diversity into account.

National Committees as part of the UNICEF system

42. It is proposed that National Committees should be seen as integral parts of the UNICEF system, albeit with more autonomy than UNICEF field offices owing to the fact that they are NGOs constituted in accordance with the laws of their countries.

43. BAH recommended that UNICEF manage National Committees more proactively, with clear accountabilities for the expected outcomes, standards and performance. As such, it is proposed that in moving towards decentralization within strategies that are regionally appropriate, National Committees should become integral parts of the UNICEF regions in which they are located and should participate as members of the UNICEF RMT on the same terms as other country offices. This will create opportunities for increased cooperation on the setting of both regional and global strategies and priorities, policy development, and monitoring and assessment of organizational performance against quality standards. It is proposed that UNICEF, together with National Committees, develop key performance indicators for fund-raising, advocacy and management of National Committees for use in assessing performance. It also is proposed that the audit content of independent national audits of National Committees should be further defined to allow comparative assessments between National Committees. Issues that are of concern exclusively to National Committees would be addressed through the formation of flexible teams. The criteria for establishing a National Committee and the process of application for National Committee status have been clarified. It is proposed that an additional type of country presence be created called a Self-financed Office, which has some similarities to National Committees and some similarities to traditional UNICEF offices.

Managing change

44. The Steering Committee agreed that the organization needed a Change Management Group to continue to monitor progress in implementing the decisions resulting from the MEP, especially given that changes will need to be phased in over a period of two to three years. It was recommended that both a Change Management Unit and a secretariat for the Global Management Team be established in the Executive Office. The Change Management Unit is being proposed to continue the work of the current Management Excellence Task Force after 1996.

Assuring high-quality performance

45. Given BAH recommendations for enhanced organizational capacities for oversight and the high priority set by the MEP Steering Committee on setting quality assurance standards in all aspects of UNICEF work and the establishment of mechanisms to monitor and assess them, it was proposed to establish a Quality Assurance Group to begin work in this area. This group would function in a way that would enable UNICEF to draw upon the knowledge and experience available at all levels of the organization.

A communication department

46. In the area of information and communication, BAH recommended that UNICEF develop an integrated communication strategy based on the UNICEF mission and goals. As a result of both the recommendations of the BAH study and the work of the MEP Communication project team, several changes have already taken place. BAH found that communication groups in UNICEF are too fragmented. As part of the BAH follow-up, the Programme Publications and Facts for Life Units have now been incorporated within the Division of Information, now known as the Communication Department.

47. BAH recommended that UNICEF apply cost-effectiveness criteria to media and editorial spending decisions and improve monitoring of funds and production costs. A working group, led by one of the Deputy Executive Directors, undertook a comprehensive examination of UNICEF processes for reviewing publications and cost-effectiveness issues. The results of this exercise were reflected in the 1996/1997 budget for publications. In addition, actions are currently being undertaken to create a Publications Review Committee.

48. BAH recommended that UNICEF develop specific communication action plans by audience segment and review external relations activities of National Committees. The Division of Information has since undertaken opinion/market research projects with National Committees and is developing proposals for an enhanced audience research function, including methodologies for assessing the impact of information activities.

C. Work processes and systems

Team work

49. The Steering Committee confirmed that teams are the preferred working mode of UNICEF for all work processes and are accountable as a team for their work, with each member equally accountable for the end results. Developing teams, both within work units and, when appropriate, across functional areas, is to become a key strategy for managing people and accomplishing tasks in the future.

Programme Manager System

50. PROMS is an integrated computer system designed to support the operational functions of field offices and provide UNICEF with a comprehensive and transparent Management Information System. PROMS will form part of the new central financial system and will be linked with the recommended global supply database to provide the basis for organizational monitoring on the use of resources and programme implementation.

51. The BAH study recommended that PROMS be reviewed in terms of scope, costs and senior management time. A review has since been completed, a new project leader and team have been put in place, the scope has been redefined, budgets have been revised and development and implementation are under way.

52. As part of BAH follow-up, PROMS has been designed to (a) strengthen workplanning and financial management; (b) streamline the requisition process for programme and project inputs; (c) reduce duplication of work; (d) improve the quality of programme monitoring and reporting; (e) accelerate the

procurement process; and (f) reduce delays in the reconciliation of accounts between New York and country offices. The system also is designed to enforce the applications of rules, regulations and standards.

53. The PROMS project team works with smaller groups of UNICEF staff to cover all the major "users" of the system. The PROMS field team, with members from field offices covering all the functional areas in UNICEF and a variety of office types, has defined the requirements and carried out the initial testing of the system.

54. Regional teams have been established to prepare for implementation of the system in each region. Analysts and developers from within the Office of Information Resources Management (IRM) have been mandated to build the system. A Steering Committee, chaired by a Deputy Executive Director, provides leadership and guidance to the overall process.

55. The work plan for systems development and "roll-out" plan for PROMS have been established. The budget was approved at the April 1996 session of the Executive Board as part of the integrated budget for headquarters and regional offices.

56. The roll-out strategy begins with one office per region to field test PROMS. Test offices will install the system at the end of 1996. By April 1997, four additional offices per region will visit test offices to learn how to run the system before installing it in their own offices. This "cascade" approach will be continued until the end of 1997 when all offices will be using PROMS. As it will not be cost-effective for smaller sub-offices performing less than 100 transactions per month to use PROMS, these offices would do manual transactions for entry by the national office. UNICEF offices are being requested to select a PROMS focal point and to prepare an office readiness plan.

57. An intensive advocacy and training programme is being developed, focusing on how to use PROMS and the key concepts of workplanning, financial management and resource use monitoring (self-assessment). A special initiative to produce all current policies, rules and regulations on-line for PROMS users is under way, with CD-Rom versions to be available to all offices by the end of 1996.

External consultancies on financial management, information resources management and supply systems

58. Although the information technology study is the only external consultancy which has delivered its recommendations to date, already there are many areas of convergence emerging between the three studies. Each study points to the need for enhanced organizational capacity for information, resources and decision-making authority to be brought closer to the point of action or delivery of service. The results of the studies of all three systems will be assessed in an integrated manner to ensure that follow-up actions taken contribute to maximizing programme effectiveness and accountability.

Financial management systems

59. Recommendations from the financial management systems study are due at the end of June 1996. The consultants have conducted interviews with users of financial systems in many field offices, Copenhagen, Geneva and Greeting Card

and related Operations (GCO). Further interviews and workshops are planned to define further the user requirements for a new central financial system. Recommendations are currently being made on ways to improve, simplify and streamline basic business processes, highlighting actions that can be taken before a new system is implemented. The consultants have prepared draft requirements for the new finance system which are currently being validated in a series of interdivisional meetings.

60. Preliminary recommendations from the financial management systems study call for a central system for monitoring all financial transactions that can be used by any location to assess resource availability and other financial trends. This central system would function as a "general ledger" which receives financial data from field offices through PROMS. The financial management systems study will address BAH recommendations to (a) build transparency into the UNICEF value system and process design; (b) identify clear accountabilities for financial management functions and actions; (c) develop a more analytical budgeting process; (d) build field capabilities to handle transaction processing and monitoring; and (e) improve organizational capacities to enforce policies regarding reporting on the use of cash assistance.

61. As recommended by BAH, the financial study will be proposing a new financial system which will support integrated budgets, provide greater transparency in financial reporting, make financial closures simpler and quicker, and provide up-to-date information for management decisions throughout UNICEF. As part of BAH follow-up, the finance study also will recommend an overall integrated financial model or architecture for headquarters and field office systems, including GCO.

62. BAH called for information systems in the field and headquarters to be upgraded, in collaboration with IRM, to facilitate field data submission, headquarters financial closures, etc. Follow-up actions to date have included ongoing efforts to strengthen global connectivity to support organizational information management needs, the ongoing development of PROMS, and interim modifications made to the global field support services system to facilitate reconciliation of accounts issued to field offices in December 1995.

The supply function

63. Although the supply study recommendations are not due until the end of May 1996, initial proposals include the decentralization of decision-making and accountability for supply issues to field offices, the need for enhanced capacities and expertise at the field-office level for materials management, and increased access by field offices to information on global purchasing options and value for money. It is proposed that the Supply Division at Copenhagen strengthen its role as a knowledge centre, with expertise provided to field offices on specification development, manufacturing, costing, standards and quality assurance. These initial proposals reinforce recommendations made by the BAH study which called for the Supply Division at Copenhagen to be integrated more effectively into the field operations of UNICEF rather than "spinning it off" as an outside, self-financing quasi-commercial operation. BAH also recommended that UNICEF invest in systems analysis and re-engineering to improve productivity, delivery time and cost-effectiveness.

Information technology

64. The information technology strategy study, which was completed in February 1996, made recommendations in three areas: information as a potentially strategic product for UNICEF which needs to be managed; global data connectivity as being highly strategic for UNICEF and the need for it to be strengthened; and the need for the information technology function to be transformed to play a more strategic role.

65. The study identified UNICEF-generated information as a key product for UNICEF. Increased strategic management of information would entail identifying key information to support the UNICEF Mission, targeting audiences for different informational products, improved means of distribution and access, and improved accuracy and consistency. The recently issued report of the Secretary-General on "Information for decision-making" (E/CN.17/1996/18) mentions the need for United Nations agencies to better manage the provision of data to decision makers through the identification of relevant information, standardized data access and coordination with others in the United Nations system.

66. The study recommended the establishment of an information management function, distinct but linked to the information technology function. The new Office of Strategic Planning, Policy Analysis and Evaluation will include a function for knowledge management by identifying key information needed in support of fulfilling UNICEF objectives. The requirements for information management and the approach to be taken involving information technology support need to be formulated. Meanwhile, an interdivisional Electronic Information Committee is coordinating the construction of a repository of key information on the Internet. A more comprehensive strategy for information management will emerge from these activities by the end of 1996.

67. The study found that the present reliance on pouch, phone and facsimile transmission for the delivery of information is time-consuming and difficult, especially in view of the globally dispersed presence of UNICEF. The study recommended that UNICEF should upgrade the data communication network and strengthen the availability of equipment and software within offices to take better advantage of existing information technologies. These measures are needed to support the new field office computerized PROMS to more effectively monitor programmes and manage financial and other resources worldwide. The financial system study, presently under way, also has identified the need for improved global communications to improve the timeliness and accuracy of UNICEF financial accounts. Improved global connectivity is necessary to achieve the benefits of managing information as a product mentioned above, including improved advocacy and fund-raising.

68. In line with those recommendations, UNICEF is collaborating with the United Nations Development Programme (UNDP) and the United Nations Population Fund on a request to commercial companies for proposals for providing global data networking to be issued by the end of May and evaluated by September 1996. UNICEF is participating in a United Nations inter-agency forum, led by the United Nations Secretariat, which is exploring shared satellite connections in certain commonly needed locations; some pilot implementation of this scheme is expected to be proposed by mid-1996. UNICEF proposes to retain an external consultancy by mid-year, already provided for in the MEP, to evaluate the various options for global connectivity and recommend strategies.

69. A survey is presently under way on the present status of the office information technology infrastructure, including equipment, software and technical staff. This appraisal is needed to prepare for the implementation of PROMS as well as to contribute towards an improved global communication network.

70. In relation to the information technology function, BAH called upon UNICEF to generate strategic guidelines for information resources management and to conduct a comprehensive review of the IRM mission and business processes. BAH also recommended that UNICEF assess returns on investments, i.e., determine what is it worth for UNICEF to have "capability X?". In this regard, the information technology study found that the present information technology function has more work than it can currently perform to the expectations of users. Priorities are unclear, deliverables are delayed, and the IRM function is generally in reactive mode, with the consequence that information technology is not leveraged strategically and users are not realizing its potential benefits.

71. The study recommended a "governance" process to select and prioritize information technology projects and services within constrained resources. The Executive Director decided that the immediate follow-up from the information technology strategy study would be to assess and prioritize all existing projects and services of the IRM Office so as to focus the limited resources. This exercise is expected to be completed by the end of May. The experience gained will be used to formulate a governance process to screen all new information technology initiatives, not just for the IRM Office, but for other UNICEF offices as well.

72. The information technology study recommended that UNICEF establish a process and capacity to continuously update the information technology strategy, especially in relation to the overall UNICEF strategic plan and plans of all other functional areas requiring information technology support. Based on the time-frame of ongoing management excellence activities and the supply and financial systems studies, the updating of the information technology strategy should be timed for the second half of 1996.

73. The information technology study also recommended the formulation of a project management process to oversee all information technology projects and to coach project leaders in project management. While it is recognized that information technology project management needs improvement, it is unclear whether a separate function per se is needed for this purpose.

74. The information technology study recommended a separate function within the information technology organizational structure to ensure standards and quality of work, guided by a quality assurance function for the whole of UNICEF.

75. Cap Gemini recommended that IRM implement business process changes to improve service levels. IRM has now formulated an improvement plan for responding to problems encountered by UNICEF staff in their use of computer facilities and is implementing it incrementally within available resources.

76. In order to support the above recommendations on strategy, the information technology study recommends a revised organizational structure twinning the central information technology and information management functions under one combined leadership to recognize its strategic importance. In addition to the information management function, the following new functions are recommended:

strategy formulation; research and development; quality assurance; project management; governance support; and supplier management. These recommendations need further review. Detailed job descriptions must be drawn up and the reorganization proposed in terms of an updated budget submission. Existing staff skills must be assessed against the new requirements and gaps filled through training, transfer or recruitment. This exercise is expected to take place in the second half of 1996.

77. Requests for proposals to secure consultancy services for the two studies on data centre disaster recovery and wide-area networks will be issued by the end of June 1996 and should begin in the August-September period, with completion scheduled before the end of the year. The timing of the wide-area network study has been designed to permit the evaluation of initiatives currently being carried out jointly with the United Nations and UNDP in this area.

Greeting cards and product sales

78. The market study on card and product sales is due to begin in June 1996. The request for proposals was sent out in April and the deadline for receiving sealed bids was 12 May 1996. The results of the study will be the basis for formulating a business plan to maximize income from the sale of cards and products and recommending marketing strategies, structures and processes to improve business practices. This study is a follow-up to the BAH recommendation that UNICEF dedicate efforts to the turn-around of the greeting card business and consider opportunities to expand product offerings substantially to include items such as novelty items, toys, etc., with the aid of marketing and retail experts.

D. Human resources

79. The importance of establishing a new framework and direction for the human resources function in UNICEF was fully recognized by the BAH study whose recommendations have provided important guidance for the work of the two human resources teams working within MEP. The methodologies used by the teams have emphasized consultation with and the participation of a broad range of staff, both from the field and headquarters.

80. Growing recognition of the strategic significance of the human resources function has led, for the first time, to the inclusion of a special chapter in the medium-term plan on human resources. The Division of Human Resources is actively involved in readying itself for its new strategic function, beginning with the definition of a new "internal consultant" role for itself within UNICEF. The division sees its future role in the development of policies and procedures, the setting of standards for human resources management, the provision of high-quality services to UNICEF staff and advocacy for change within the United Nations system. In this process of transformation, the division is seeking ideas on "best practices" from other agencies and Governments which are undergoing change and restructuring.

81. The Human Resources Strategy team has designed an overall strategic framework based on the concept that the management of human resources is a shared responsibility which must be carried throughout the organization. The strategy identifies the characteristics of the UNICEF "Office 2000", where the

UNICEF Mission is carried out by teams of people working with a common purpose and in a fully participatory way. UNICEF managers will be equipped with the skills to provide leadership and create an open and equitable climate for all the staff in their offices, with dialogue and readiness to learn from each other as key characteristics.

82. The process of developing the strategy is itself innovative, based on a broad and continuing consultative process. A meeting in Tunisia in March 1996, which brought the members of the two Human Resources Strategy teams together with participants from about 30 offices around the world, provided an important opportunity to discuss and debate the work of both teams. A growing number of offices are becoming involved in testing the strategic directions identified by the teams to ensure that they are viable in the widely varying day-to-day circumstances of different offices. Feedback from these offices will influence the next stages of strategy development, and some of their early experience is already being communicated to all UNICEF offices to encourage them to join in the experimentation and strategy development process.

83. The BAH study identified a number of specific areas of concern which are addressed by the proposals of the Staff Deployment team. These include: (a) the delinking of post grade from personal grade to allow the recognition of merit and greater flexibility in staff deployment; (b) improvements in the Performance Evaluation and Review process, including a strong emphasis on open dialogue between supervisor and supervisee; (c) the introduction of new types of appraisal, including periodic assessments of potential and 360 degree assessment; (d) new approaches to address the problem of non-performing staff through the appraisal process and through separation schemes; and (e) the enforcement of rotation of international staff and the introduction of a form of rotation for locally-recruited staff.

84. Another major area of concern in the human resources area for BAH was the frequent changes made in office structures, accompanied by post creations, abolitions and reclassifications, resulting in considerable disruption and inequities to staff. Some of these concerns are already being addressed through the new integrated budgeting process and the proposed strengthening of the country programme management plan preparation procedures.

85. Concerns about delays and inconsistencies in entitlements processing are being addressed through an ongoing programme of work process redesign within the Division of Human Resources. The handling of medical claims, education grants and separation procedures already has been speeded up, and the recruitment and placement process has been accelerated. Issuance of the revised Personnel Administration Manual will ensure that all offices have easy access to up-to-date information on human resources processes and rules. The human resources elements of PROMS also will provide guidance to field staff on correct procedures.

86. BAH raised a number of questions about staff training, especially the importance of training for senior managers. A full management development programme has now been prepared which will progressively cover all senior managers, starting at the most senior level. Special emphasis is being placed on "people skills" as a key component of leadership. An exercise to identify the competencies required for the different functions of UNICEF has begun which will provide the basis for the specification of training needs and for performance appraisal.

IV. NEXT STEPS

87. Due to the work of project teams whose recommendations have now been converged into one set of proposals for the most effective structure and management direction for the UNICEF of the future, the Steering Committee was able to identify areas of consensus for consultation with the Executive Board, National Committees and staff.

A. Consultation

88. The Executive Director is giving high priority to ensure the continued involvement of the Executive Board, National Committees and UNICEF staff in the management excellence process.

89. Guidance is being sought from the Executive Board on proposals and future directions through regular sessions of the Executive Board and continued use of inter-sessional meetings. The inter-sessional meeting on 29 May 1996 will be a consultation with Board members on proposals for relations with National Committees, information technology, an update on PROMS and the outcome of the recent Steering Committee meeting. Additional inter-sessional meetings are presently scheduled for 24 July and early November. In order to create opportunities for substantive discussion with Board members on the agreements reached by the Steering Committee, the Executive Director is arranging individual briefings of Board members prior to the June 1996 annual session.

90. National Committees will be consulted on final recommendations regarding strategies for the most effective relationship with UNICEF at the National Committees Annual Meeting the week of 20 May 1996 in Geneva.

91. Regional directors, together with the staff advisory councils, have been requested to consult with UNICEF staff members on consensus reached by the Steering Committee and proposals emerging from the management excellence process related to structure.

B. Developing a plan for change management

92. The secretariat is now ready to "mainstream" management excellence activities by transferring the emphasis and much of the responsibility for transforming work in major functional areas to line managers and staff, guided by the UNICEF Mission Statement, the Guiding Principles for Commitments and Conduct, and the agreements reached on principles and directions at the recent Steering Committee meeting.

93. Plans are being made for the creation of the Global Management Team at the next meeting of the Management Excellence Steering Committee following the annual Executive Board session in June. The Global Management Team would then assume responsibility for guiding and consolidating management excellence in UNICEF. The Management Task Force is preparing the framework for a 12-month work plan for change management which will be further developed by the Global Management Team at the June meeting, including agreement from line managers on responsibilities for moving forward.

94. Regional directors have been requested to establish management teams in their respective regions and, as a first step, to determine the implications of consensus reached to date on proposals related to structure, and to make

recommendations on how to move forward for discussion at the June meeting. It is expected that RMTs also will become advocates for management excellence in the regions and ensure staff participation and consultation in the process.

C. Timetable for Executive Board decisions on management excellence recommendations

95. As requested at the April 1996 session of the Executive Board, the secretariat has prepared a timetable indicating when management excellence recommendations would be brought to the Board for information, policy and budgetary decisions (see the annex).

Annex

TIMETABLE FOR MANAGEMENT EXCELLENCE RECOMMENDATIONS

MEP recommendations	Third regular Executive Board session - 1996	First regular Executive Board session - 1997	Second regular and annual Executive Board sessions - 1997	Third regular Executive Board session - 1997
Roles and accountabilities for country, regional and headquarters offices	policy decisions	budgetary recommendations	progress report	1998-1999 biennial budget proposal
Reorganization of New York departments				
Communications	progress report	budgetary recommendations	policy decisions in response to decision 1996/15	1998-1999 biennial budget proposal
Governmental and intergovernmental relations	progress report and policy decisions	budgetary recommendations	progress report	1998-1999 biennial budget proposal
Creating a capacity for quality assurance		budgetary recommendations	progress report	1998-1999 biennial budget proposal
Support for change management		budgetary recommendations	progress report	1998-1999 biennial budget proposal
Relations with National Committees	policy decisions	budgetary recommendations	progress report	1998-1999 biennial budget proposal

MEP recommendations	Third regular Executive Board session - 1996	First regular Executive Board session - 1997	Second regular and annual Executive Board sessions - 1997	Third regular Executive Board session - 1997
Organizational systems				
Information technology systems *	policy decisions	budgetary recommendations	progress report	1998-1999 biennial budget proposal
Financial management systems *				
Supply systems *				
Programme Manager System				
Non-governmental funding *	progress report	policy decisions	budgetary recommendations	additional budgetary recommendations if required
Human resources strategy	progress report	progress report	progress report	1998-1999 biennial budget proposal

* Timing subject to conclusion and analysis of external consultancies.

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FOR ACTION

MEDIUM-TERM PLAN FOR THE PERIOD 1996-1999

SUMMARY

The period covered by this medium-term plan begins with the fiftieth anniversary of UNICEF in its first year and ends with the closing of the twentieth century in its last. The UNICEF Mission Statement is at the heart of this plan. Approved by the Executive Board at its first regular session in January 1996 (E/ICEF/1996/12 (Part I), decision 1996/1), the Mission Statement will guide the choices and commitments of UNICEF over the course of this planning period.

This plan is not a blueprint, but rather a flexible framework for action. The lessons learned from the mid-decade review of progress towards national and international goals for the year 2000 will further elaborate choices. While the main efforts of UNICEF are focused on country programmes in the developing world, the organization's mission and mandate require it to speak for children everywhere. The plan calls for a forward-looking commitment on the part of UNICEF in its policies, programmes and management to help States apply the principles of the Convention on the Rights of the Child, now subscribed to almost universally.

UNICEF relies exclusively on voluntary contributions. The financial plan forecasts modest income growth. UNICEF will work hard to earn and add to this continued support, giving attention to the efficient and effective use of all funds entrusted to it. This plan highlights the emphasis on management excellence. Human resources management and development enter this plan for the first time as a central element.

* E/ICEF/1996/13.

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INTRODUCTION

1. The period covered by this medium-term plan spans two landmark years: 1996, the fiftieth anniversary of UNICEF, and 1999, the closing year of the twentieth century. The plan was prepared in response to Executive Board decision 1994/A/1 (E/ICEF/1994/13/Rev.1), which requested the Executive Director to see that the format of the medium-term plan minimizes duplication and provides "a concise overview setting out the strategic directions for which Board approval is being sought".

2. This medium-term plan responds to that request with a far briefer and more forward-looking document that confines itself to strategic directions. It is a two-year rolling plan within a four-year horizon. The Board is requested to take note of the medium-term plan as a flexible framework for supporting UNICEF programmes and to approve the financial plan that is the foundation for action for the period 1996-1999.

3. This medium-term plan is not a blueprint, but rather a flexible framework for supporting UNICEF programmes over a period of dynamic change in both the world at large and within UNICEF. A flexible framework has the capacity to incorporate work in process and to build on the benefits of change and lessons learned. The mid-decade review of progress since the World Summit for Children is under way around the world. Lessons learned from the review shape not only the efforts of UNICEF in its commitment to the World Summit goals and in its support to Governments to achieve these goals through national programmes and policies, but also in its new directions for action into the twenty-first century. Within UNICEF, the Management Excellence Programme (MEP) has put into motion a process of reshaping and streamlining the way UNICEF functions in support of its main concern: reaching children, especially the most vulnerable, through country programmes. MEP will strengthen the capacity of UNICEF to carry out its mission for children.

4. This mission is set forth in the UNICEF Mission Statement (see chapter I and figure 1 below), which underpins every aspect of this plan. It is the first medium-term plan to have such a strong foundation. Forged through wide consultation and adopted by the Executive Board in January 1996, the Mission Statement sets the context for strategic choices. The primary strength of UNICEF will remain its country programmes of cooperation, which today serve children in over 140 countries. The UNICEF mission and mandate also require it to speak for children everywhere. The Convention on the Rights of the Child, now subscribed to almost universally, will guide and set new challenges for UNICEF. These are to establish children's rights as enduring ethical principles and international standards of behaviour towards children.

5. Chapter II of this plan sets the larger framework of major trends in the world and their implications for children. Chapter III spells out the strategic priorities and general directions for UNICEF in response to those trends. The main programme strategies of UNICEF are summarized in chapter IV. Chapter V establishes the organization's human resources strategies. Chapter VI presents the financial plan and chapter VII the Executive Director's recommendation for Executive Board approval.

I. THE MISSION OF UNICEF

6. The UNICEF Mission Statement (see figure I below), adopted by the Executive Board at its first regular session of 1996, will guide the organization over the course of this plan period and beyond.

Figure I

THE MISSION OF UNICEF

UNICEF is mandated by the United Nations General Assembly to advocate for the protection of children's rights, to help meet their basic needs and to expand their opportunities to reach their full potential.

UNICEF is guided by the Convention on the Rights of the Child and strives to establish children's rights as enduring ethical principles and international standards of behaviour towards children.

UNICEF insists that the survival, protection and development of children are universal development imperatives that are integral to human progress.

UNICEF mobilizes political will and material resources to help countries, particularly developing countries, ensure a "first call for children" and to build their capacity to form appropriate policies and deliver services for children and their families.

UNICEF is committed to ensuring special protection for the most disadvantaged children- victims of war, disasters, extreme poverty, all forms of violence and exploitation and those with disabilities.

UNICEF responds in emergencies to protect the rights of children. In coordination with United Nations partners and humanitarian agencies, UNICEF makes its unique facilities for rapid response available to its partners to relieve the suffering of children and those who provide their care.

UNICEF is non-partisan and its cooperation is free of discrimination. In everything it does, the most disadvantaged children and the countries in greatest need have priority.

UNICEF aims, through its country programmes, to promote the equal rights of women and girls and to support their full participation in the political, social and economic development of their communities.

UNICEF works with all its partners towards the attainment of the sustainable human development goals adopted by the world community and the realization of the vision of peace and social progress enshrined in the Charter of the United Nations.

II. THE CHANGING ENVIRONMENT

A. Global trends in political, economic and social changes: opportunities and limitations

7. Trends that have emerged in the world at large over the past 10 years reveal the opportunities and limitations for the strategic options and choices of UNICEF. These trends include:

(a) The growing embrace, through ratification and implementation, of the Convention on the Rights of the Child;

(b) The revolution in communications;

(c) Market reforms and globalization;

(d) The widening disparity between rich and poor;

(e) The international consensus on the imperative of poverty elimination;

(f) The falling out of favour of official development assistance (ODA);

(g) Increasing armed conflict.

The Convention on the Rights of the Child

8. The virtual universal ratification of the Convention on the Rights of the Child is strong testimony indeed that nearly all countries have made a serious commitment to children. Today, 187 States have become party to the Convention, meaning that over 97 per cent of the world's children now live in countries whose Governments have ratified the Convention. By the end of 1995, the Committee on the Rights of the Child had reviewed 42 reports submitted by States Parties on the implementation of the Convention during the first two years following ratification. UNICEF will support and work with national Governments and other partners to identify and expand effective ways to implement the Convention and the recommendations of the Committee on the Rights of the Child.

The revolution in communication: new opportunities and challenges

9. The rapid globalization of the mass media and the development of new technologies offer unprecedented opportunities for advocacy and for progress through improved communication. UNICEF is exploring new channels to increase outreach, while continuing to support the use of traditional means of communication.

10. More and more people around the world, especially youth, have access to radio and television and the new electronic media. Satellite transmission is bringing television programmes to larger audiences. The number of radio

listeners is also on the rise. The challenge to UNICEF is to build interactive partnerships that expand access to new technologies beyond the wealthy and encourage participation in change by giving youth a voice. To do this, UNICEF will develop its existing partnerships and build new ones.

Market reforms: promises for the vulnerable?

11. The rapid globalization of the economy, fueled by private capital flows and trade, is a dominant trend that offers both opportunities and challenges for social development. The implementation of market reforms has resulted in encouraging outcomes in terms of economic growth, especially in East Asia and in some Latin American countries. Decentralization of governance has emerged as a significant new economic force in a range of countries. However, many countries in transition from centrally planned to a market-driven system find their past gains in human development threatened by the reform process, particularly in sub-Saharan Africa and in Eastern Europe and Central Asia. Rapid liberalization and globalization, combined with the use of scarce resources for military expenditure and debt servicing, have contributed to intense social polarization within and among countries. The poorest countries increasingly are being marginalized and the poorest segments of the population in most countries are being left behind, untouched by economic growth and social progress.

Poverty: widening disparities

12. Eliminating poverty remains one of the greatest challenges of our time. Every minute, approximately 50 babies are born into poverty. Every hour, some 1,400 children below the age of five years die from preventable childhood diseases and malnutrition. An estimated 135 million children are not attending primary school. The International Labour Organisation estimates that there are between 100 million and 200 million children worldwide engaged in disabling child labour and an equal number are estimated to be destitute. Poor children are particularly at risk from life on the streets, sexual and economic exploitation, and HIV/AIDS infection.

The international consensus: universal access to basic services

13. The series of international conferences held under the auspices of the United Nations during the 1990s, beginning with the World Summit for Children, and followed by the United Nations Conference on Environment and Development, the World Conference on Human Rights, the International Conference on Population and Development, the World Summit for Social Development and the Fourth World Conference on Women, have helped to forge a broad and generally agreed upon framework for action towards the elimination of poverty.

14. Some of the worst aspects of absolute poverty can be reduced by expanding the coverage of basic social services. Ensuring their availability to all children, women and men is within reach, if Governments, international financial institutions and bilateral development agencies take concerted action, such as the "20/20" initiative, to fund basic health, education, nutrition, water and other services. UNICEF will continue to advocate the integration of poverty reduction into socio-economic policies and programmes.

Official development assistance is stagnating

15. ODA has remained stable in real terms in the range of $55 billion to $60 billion per year over the past decade. In relation to the gross national product (GNP) of donor countries, however, it declined from 0.37 per cent in 1980 to 0.30 per cent in 1994. Given fiscal constraints, competing demands, moderate economic growth and persistent high unemployment in most donor countries, the prospects for increased allocations of ODA are dismal. The ratio of ODA to GNP can be forecast to remain, at best, at the current level. Any growth in real terms will be very limited. The share of bilateral ODA allocated to debt relief reached nearly 15 per cent in 1993 and is expected to continue to grow in the years to come, implying that less ODA will be available for new development activities. Contributions to multilateral agencies in total ODA declined to about 30 per cent in 1993-1994, down from 35 per cent in the early 1990s. Concessional flows to the United Nations have been relatively stable at about 10 per cent of total ODA over the past five years. The UNICEF share of total ODA has fluctuated at close to 1.0 per cent since 1990 and was 1.05 per cent in 1994.

Children and women in armed conflict

16. Since the end of the cold war, the world has seen a dramatic increase in conflicts and complex emergencies. The impact on civilian populations has intensified everywhere, and especially in the developing countries. Evidence of this is clear from the incidence of intra-State conflicts and civil wars, and from the effects of land-mines. In 1993, there were 42 countries with major conflicts and another 37 that suffered from political violence. The resources used to respond to these complex emergencies from bilateral sources alone increased from $300 million in 1980 to $2.8 billion by 1993. Given that ODA has remained largely unchanged, this signifies a redirection of ODA resources from development to emergencies. Figure II below describes the UNICEF response to emergencies.

Figure II

THE UNICEF RESPONSE TO EMERGENCIES

The majority of victims in all emergencies have been children and women. The UNICEF field presence will continue to be a major comparative advantage in supporting disaster preparedness and in providing a rapid response to emergencies. UNICEF will continue its role as catalyst by collaborating with the United Nations Department of Humanitarian Affairs, other operational United Nations agencies and non-governmental organizations (NGOs) to support government and community efforts to mitigate suffering and restore normal family life as soon as possible. UNICEF will strengthen its emergency response by integrating the immediate needs of children and women into long-term development strategies. (A separate report presenting a conceptual framework, including guiding principles and methodologies for UNICEF emergency interventions, will be presented to the Executive Board at the 1996 annual session (E/ICEF/1996/16).)

The UNICEF Anti-war Agenda, launched late in 1995, includes measures that address the underlying causes of violence and calls for investing more resources in conflict mediation; the protection, care and rehabilitation of children; the removal of child soldiers from the battlefield; banning the production of land-mines; and more vigorous pursuit of the idea of children as "zones of peace". In countries prone to disasters and conflicts, UNICEF will support the training of local authorities and service providers in disaster preparedness and mitigation.

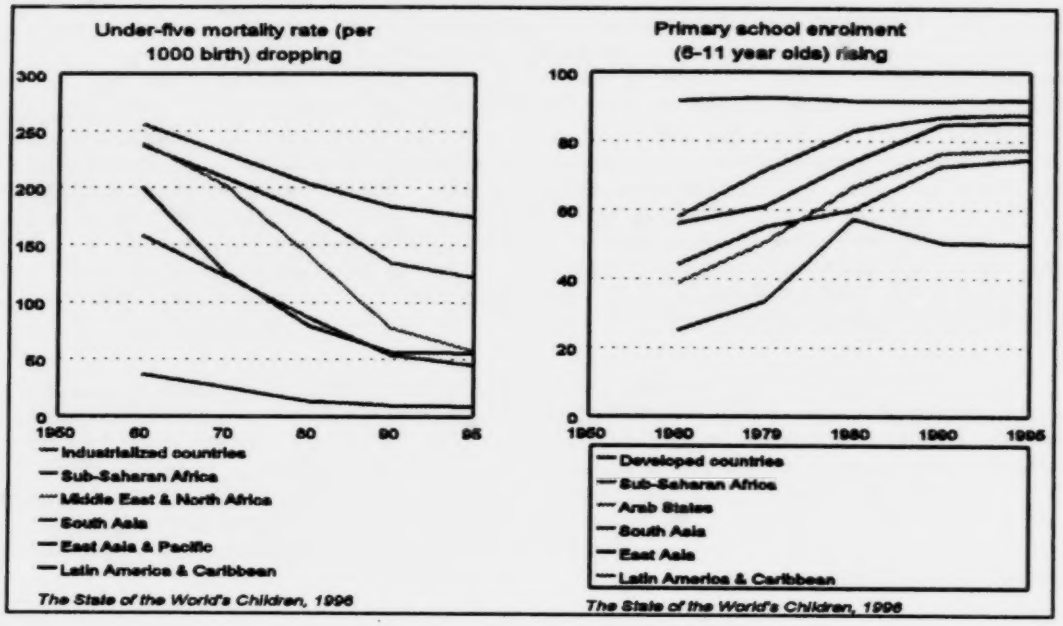
B. The world of children: today and tomorrow

17. The rapidly rising rate of child survival stands out as a singular accomplishment of families, communities and nations during the 1980s and 1990s. By and large, the promises made at the World Summit for Children are being kept, and resources have been invested in children's survival and development. Families have invested heavily in educating their children to ensure their rights as full citizens and enhance their access to opportunities.

18. The under-five mortality rate (U5MR) has declined in every region. Primary school enrolment has improved in all regions except in a large number of sub-Saharan African countries. Although some earlier gains were lost in the 1980s in sub-Saharan Africa, fortunately, this trend seems to have been reversed in the early 1990s (see figure III below).

Figure III

COMPARISON OF UNDER-FIVE MORTALITY RATES AND PRIMARY SCHOOL ENROLMENT RATES



19. While the progress made generally has been encouraging, there are also some disturbing trends: fragmentation of the family; domestic and social violence; and ethnic division and militia warfare. It is estimated that during the last decade, 2 million children were killed, 4 million-5 million disabled, 12 million left homeless, more than 1 million orphaned or separated from their parents, and some 10 million psychologically traumatized by armed conflicts. There also has been increasing use of children as soldiers. In the past decade, over 200,000 children under the age of 16 years have fought in wars in 25 countries.

20. The "silent emergencies" of preventable disease, poverty and underdevelopment still persist. In 1994, almost 2 million children died from just three vaccine-preventable diseases: measles, neonatal tetanus and whooping cough (pertussis). Malnutrition continues to affect nearly one half of all young children in developing countries. An estimated 135 million children - two thirds of them girls - are denied the chance to go to school. Approximately 1.3 billion people in developing countries do not have access to clean water and progress in sanitation continues to lag, with two thirds of the population of the developing countries lacking adequate sanitation.

III. UNICEF OF THE FUTURE: HOW IT SHOULD LOOK AND WORK

21. The experience of UNICEF with country programmes is the organization's greatest asset. In a world where flexible response to rapidly changing conditions is a precondition for success, UNICEF will strengthen its capacity to do this ever more effectively with Governments and a broad range of partners in civil society.

22. UNICEF is committed to the implementation of the Convention on the Rights of the Child. The new challenge is to turn the precepts of the Convention into guidelines for programme action, while strengthening existing partnerships and building new ones to advocate for children's rights in the industrialized countries.

23. UNICEF is committed to supporting Governments and civil society in their efforts to reach the goals for the year 2000 set at the World Summit for Children. Goals are adapted to a country's realities and linked to an overall national development process that is meant to give children the "first call" on national resources. The achievement of those goals will make a significant contribution to guaranteeing the rights of children, particularly their rights to survival and development.

24. UNICEF cannot go it alone, however. National and international partnerships and alliances, particularly with other United Nations agencies, share the responsibility to achieve this broader agenda for children. In keeping with States' trends towards decentralization, UNICEF will develop its capacity to work more closely with local communities and NGOs.

25. UNICEF will select priorities for its own action grounded on sound analysis, guidance from the Executive Board, participation from staff at all levels and external expertise. Those priorities will, of course, be pursued using available resources.

26. UNICEF relies exclusively on voluntary contributions. It will strive to build on its strength in mobilizing resources from Governments and, increasingly, from the private sector and the development banks. Meanwhile, it will continuously streamline its overall operations to make the revenue that goes to programmes more effective.

27. The greatest strength of UNICEF has been its staff and its country office operations. These features remain critical to its future success and will be strengthened further. Action will be taken to reduce inefficient procedures, create opportunities for staff to acquire core competencies, enhance and reward management excellence, increase staff participation, revise working methods to promote accountability and value the contribution of each staff member. UNICEF will review ways to respond better to increasingly varied country situations.

28. In its global advocacy, UNICEF will make greater use of new electronic and digital technologies for the dissemination of information and visual images. UNICEF increasingly will gear information for use on its site on the Internet's World Wide Web and will capitalize on the new opportunities provided by the Internet for fund-raising from the private sector.

IV. PROGRAMME STRATEGIES AND ACTIONS

A. Strategies

29. The overall organizational strategies of UNICEF facilitate the achievement of its mission through country programmes and other activities. UNICEF will develop and apply guidelines and methods for the planning and management of programmes that are increasingly based on the framework of the Convention on the Rights of the Child and its relationship to the goals of national programmes. The UNICEF Mission Statement, the goals for the year 2000 and the mandate of the Convention on the Rights of the Child open new opportunities, but also bring important responsibilities. There must be a stronger strategic planning and evaluation function across UNICEF to weigh and adjust these opportunities against resources and capacity. Steps are under way to see that this function is firmly in place by June 1998.

30. UNICEF has adopted as its three principle strategies: (a) service delivery; (b) capacity building; and (c) advocacy and social mobilization. The organization's overarching aim is to empower people through all three strategies. UNICEF will continue to pursue these strategies as described below.

The catalytic role of UNICEF: support for service delivery

31. While UNICEF clearly supports universal access to basic social services critical for child survival, protection and development (such as health care, nutrition, education and water and sanitation), its resources are only a fraction of what is needed for full service delivery. UNICEF must, therefore, act as a role model and catalyst in a number of critical areas to encourage other partners. Those areas include demonstrations and trials, technical assistance to management improvement, improvement of monitoring and management information systems, support for planning and encouraging approaches for sustainable and cost-effective services.

Capacity-building: empowerment and sustainability

32. Capacity-building strategies achieve the dual goals of empowering communities and sustaining gains and services. Capacity-building involves and empowers all the actors essential to service delivery: families, communities, municipalities, districts and provincial administrations as well as Governments' sectoral ministries. A participatory approach to service delivery and capacity-building requires alliances with institutions and organizations that represent the interest of beneficiaries. UNICEF will expand its support for community participation, building on the lessons learned from the Bamako Initiative and other community-based interventions. Short-term training programmes for all involved, as well as increased support to national policy development, are needed. With the near universal ratification of the Convention on the Rights of the Child, the empowerment of programme participants and beneficiaries has assumed special significance. / The Convention emphasizes the right of children to participate in the decision-making that affects their well-being.

Communication: advocacy, social mobilization and fund-raising

33. Programme approaches use advocacy and communication strategies to change the attitudes and behaviour of individuals and communities and to bring together intersectoral allies. UNICEF will build on its experience in child survival and development programmes and expand its advocacy to cover new trends and programme actions, especially those generated by the Convention on the Rights of the Child. A particular challenge during the next five years will be the development of advocacy strategies for promoting the respect and fulfilment of children's rights in all countries, including the industrialized world. UNICEF also will place greater emphasis on improved information in support of fund-raising.

34. UNICEF country programmes of cooperation and all its projects will reflect the organization's strategic framework, but the mix and sequencing of specific strategies will vary according to country and local needs. Increased emphasis will be given to improving the quality and use of evaluations to assess programme outcomes as well as assessing the overall effectiveness of these strategies.

B. Programming focus

35. In its country programmes and advocacy, UNICEF focuses on:

(a) Decentralization of programmes as an important way to build a sustainable basis for achieving goals. Paying increased attention to the family and the community will contribute to the empowerment of communities and the sustainability of programme interventions;

(b) Gender-sensitive programming for promoting gender equality. UNICEF will give special emphasis to girls by ensuring that they receive equal care and opportunities along with boys to develop to their full potential. Programmes also will be sensitive to measures promoting the equal responsibility of women and men in both community and household activities;

(c) Reaching vulnerable groups with programme interventions. Reducing serious disparities between the mainstream of the population and marginal groups will receive increased attention. As the world's urban population continues to grow, the UNICEF programming approach must have an urban focus in order to reach vulnerable children and women in impoverished urban areas. There are trade-offs between reaching marginalized groups, often at a higher cost, and achieving overall higher coverage for the population as a whole. Decisions, therefore, must be weighed carefully;

(d) Learning from the programming environment. Incorporating lessons learned from programming and developing the capacity to assimilate new information quickly develop the quality of UNICEF work. There is room for further improvement. Lessons learned from monitoring and evaluation will be a strengthened component of everything UNICEF does. In addition, the new programming environment in Central and Eastern Europe, the Commonwealth of Independent States and the Baltic States requires new approaches adapted to the situation of countries in transition. Throughout UNICEF, there will be greater attention to stronger networks with other organizations of the United Nations system, centres of excellence and NGOs;

(e) Adapting strategies to country realities and regional characteristics. In the first half of the 1990s, UNICEF focused its attention on Africa, with close to 40 per cent of its programme budget dedicated to this continent where the needs of children are greatest. UNICEF will continue to do so, uniting with all United Nations agencies in support of the System-wide Special Initiative for Africa. UNICEF also will ensure that strategic emphases draw on each region's special experience and comparative strengths, as illustrated in figure IV below on country notes:

Figure IV

COUNTRY NOTES

The country strategy note (CSN) is a framework for country programmes of the United Nations agencies, with responsibility for its preparation resting with Governments (as specified in General Assembly resolution 47/199 of 22 December 1992). UNICEF has actively supported the process and contributed to its strengthening by ensuring that its own country programmes of cooperation are consistent with the CSN, where they have been prepared. In addition, the Executive Board, in its decision 1995/8 (E/(ICEF/1995/9/Rev.1), decided that the secretariat, in consultation with recipient Governments, should inform the Board at an early stage about the mix and weight given to programme strategies and priorities for the country programmes. This is done by submitting a brief country note to the Board for its comments, prior to the preparation of a final country programme report. An analysis of 40 country notes submitted to the Executive Board in January 1996, offers firm indications of how the process of adapting programmes to country needs is progressing within countries.

The country notes form the basis for preparing new UNICEF-assisted country programmes and reflect a discernable pattern of the mix and balance of strategies: (a) increased emphasis on capacity-building at national and local levels, and strategic and catalytic, rather than general, support for expansion of services; (b) attention to sustainability of achievements in institutional and economic terms; (c) advocacy efforts guided by lessons learned, assessments of the progress made towards goals set by the World Summit for Children, and the commitment of countries to the Convention on the Rights of the Child; (d) promotion of people's empowerment through decentralization and partnership with communities; and (e) communication and behavioural change efforts that lead to enhanced skills and knowledge for families and communities.

The country notes also show differentiated strategic emphases for diverse situations. Countries close to achieving the goals for the decade, such as those in the Americas and the Caribbean and East Asia, have begun to concentrate on developing specific goals and actions related to the protection of children and on the more difficult goals for the year 2000 such as increasing school enrolment and retention, the protection of children affected by difficult circumstances and providing equal opportunities for children and women of ethnic and indigenous populations. Countries facing serious economic problems and social turmoil are focusing on developing or rebbuilding social service systems.

(f) Incorporating the principles of the Convention on the Rights of the Child into the work of UNICEF. UNICEF will work to combine a needs-based with a rights-based approach. The principles of the Convention encompass the goals of the World Summit for Children. Thus, the work of combining a needs-based with a rights-based approach is well under way in the areas of health, nutrition, education, water and environmental sanitation - in short, in all of those areas where the goals are reflected in the principles of the Convention. In addition, UNICEF will strive to address the protection rights of children more effectively. Gains have already been reported for children in many countries, both industrialized and developing, where laws relating to child labour, sexual abuse and the rights of disenfranchised children have been strengthened. UNICEF and its national and international partners will strive to extend such programmes everywhere.

36. Strategic partnerships will be pursued based on shared goals with other United Nations agencies, international financial institutions, NGOs, human rights organizations, parliamentarians, religious leaders, the media, the private sector and communities. The goal is to enhance collaboration and cooperation among organizations and to improve the mobilization and use of resources, while encouraging these partners to contribute to country-led sustainable and cost-effective approaches that meet the needs of children and women.

C. Major fields of activity

37. A series of strategy papers approved by the Executive Board in recent years has articulated the priorities and strategies for action in major sectors, such as health, nutrition, education, water and environmental sanitation, and for cross-cutting concerns such as gender, environment and urban needs. Those policy papers determine the thrust of the major fields of activity of UNICEF (see annex I for a select list).

38. The UNICEF approach to survival, development and protection looks at the broader framework of development and selects those interventions which assure the largest and most sustainable long-term impact. The World Summit for Children goals for the year 2000 and the principles of the Convention on the Rights of the Child underpin this approach. Children, women and families do not live in a world that is divided into sectors. An integrated approach will be stressed in UNICEF programmes, advocacy and policy dialogue. This includes promoting breast-feeding and other sound nutritional practices; encouraging appropriate sanitation behaviour; ensuring the availability of essential drugs; maintaining immunization coverage; proper case management of the sick child; supporting basic education; and promoting healthy life styles for youth. The empowerment of girls and women with their rights is integrated into all UNICEF programme activities. In their own right, the status and health of women, including reproductive health, also will be stressed. The integrated approach of UNICEF keeps within clear view the simultaneous need to bring a woman safely through childbirth, help a child thrive and keep a girl in school. The terms for major programme areas in this plan are those approved by the Executive Board in its decision 1990/2 (E/ICEF/1990/13) on "Strategies for children", used here in shared recognition that programme activities must address the broader context of children's lives.

Primary health care

39. The achievement of the health goals for the year 2000 and consolidating the gains made so far will remain a high priority.

40. Much remains to be done through intervention programmes, taking into account the wide variability in resources, barriers to improvement and the risks children face. Child mortality remains highest in sub-Saharan Africa and South Asia. Access to preventive and effective case management services for the major killers of children must be expanded. Appropriate decision-making in households and sustained behavioural change among child caretakers are critical. Every family needs to know how to practice oral rehydration therapy as a life-saving measure and a family habit. Continued feeding during illness, breast-feeding and timely referral of cases of pneumonia, diarrhoea and malaria will help save lives. Education on the importance and use of impregnated bed-nets for malaria control is critical. As it works with the Joint United Nations Programme on HIV/AIDS and others, UNICEF will continue to focus on children and HIV/AIDS.

41. UNICEF will focus more on capacity-building in three areas: (a) health monitoring, information systems and evaluation; (b) health promotion; and (c) health services. UNICEF will continue to strengthen the Bamako Initiative, not only in sub-Saharan Africa, but in other regions where the concept is employed as a way to revitalize community health systems.

42. Working with others to sustain present gains, especially in immunization, is essential. Immunization gains have been maintained, but have plateaued. Strengthened capacity, through the Vaccine Independence Initiative and other partnerships, is essential if the goals to eradicate polio and eliminate both measles and tetanus are to be met.

43. UNICEF recognizes in this plan how seriously neglected women's health has been. Recent UNICEF work with the World Health Organization gives *prima facie* evidence that the overarching goal of halving maternal mortality by the year 2000 has been neglected, and that there is need for a serious strategy that goes beyond health care and obstetric services to the root cause - the low status of women.

44. During this plan period, UNICEF programmes will be directed towards and assessed in terms of their impact on infant and child mortality and morbidity, as well as their effects on child development, maternal care, reproductive health and the healthy behaviour of youth.

Nutrition

45. The achievement of the nutrition-related goals, including those for the reduction of malnutrition and low birth weight, the virtual elimination of iodine and vitamin A deficiencies and the reduction in iron deficiency anaemia, will remain a high priority. The UNICEF nutrition strategy, which stresses that improved nutrition requires adequate access to food, health and care, and which calls for support to service delivery, capacity-building and empowerment, will continue to guide UNICEF work in this area. Improved nutrition is an outcome of the whole of the UNICEF programming process. The strategy calls for the causes

of malnutrition at different levels of society to be clearly understood, and for a participatory process of assessment, analysis and action (the "triple A" process) to be used in identifying and implementing activities. UNICEF will build on the foundation of the nutrition strategy, which has proven to be effective in countries in all regions, and on the progress recently made in tackling iodine and vitamin A deficiencies to reduce further child and maternal malnutrition.

46. The priorities are consensus-building on the causes of and ways of reducing malnutrition in pre-school-age children; guidelines on ways of improving household food security; the care of women and children; the use of nutrition information; and ways of minimizing malnutrition during emergencies. The promotion, protection and support of breast-feeding will remain a high priority for UNICEF. Further attention will be given to improving complementary feeding practices and on ways of improving maternal nutrition. Efforts to fortify staple foods with iron and vitamin A will be expanded, based on the success of salt iodization and effective fortification programmes in Latin America, and vitamin A and iron supplements will continue to be provided where required.

Safe water supply and environmental sanitation

47. The main concern of UNICEF in the area of water and environmental sanitation is to promote and support gender equality and participatory strategies that directly influence child survival, protection and development. The primary areas for action will be: household water security through community management of the "water environment"; safe environmental sanitation, adequate care and hygiene practices; and behavioural change at home, in school and in the community. Strategies will include advocacy and social mobilization for public commitment; national policy and accelerated action towards the sectoral goals for the year 2000; promotion of intersectoral linkages and integrated programme delivery; support and advocacy for the expansion of basic services managed by recipient communities and households, particularly women; and resource mobilization, including community cost-sharing of capital and recurrent costs of basic services that recognizes willingness and ability to pay. Programmes will monitor progress towards the sectoral goals as well as the evaluation of the way people respond to new interventions, including technologies. Low-income urban areas, where both water supply and sanitation show evidence of failing to keep pace with expanding demand, will receive greater attention in UNICEF advocacy.

Basic education

48. The UNICEF priority is the universal access of children to quality primary education. The education of girls, monitoring learning achievement and addressing the causes of children's poor performance in school are important concerns. Training teachers to make school more "joyful" is one approach in improving the quality of education. Other areas of focus are the education of girls, resource mobilization and a community-based approach which gives parents and the community a greater sense of ownership of schools. Early childhood development and adult education are also supporting strategies. Education in emergency conditions will continue to have its current support as part of an overall effort to see that long-term child development does not fall victim to temporary set-backs.

Child protection: children in especially difficult circumstances

49. The protection of children who are victims of, or are exposed to, hazardous circumstances that can seriously impede their survival, growth and development will be an important component of UNICEF programmes. The provisions of the Convention on the Rights of the Child on the protection of children will guide action. Major areas covered by child protection efforts will include child labour, sexual exploitation, the impact of armed conflict and violence, the abandonment of children, children and families affected by AIDs, deficient juvenile justice systems and childhood disability. These problems are highly complex. UNICEF will invest in learning from experience in order to build a corpus of knowledge on how to incorporate interventions into programmes. While doing so, UNICEF will speak out on special protection issues when appropriate.

Primary environmental care and sustainable development

50. The approach to primary environmental care, endorsed by the Executive Board (E/ICEF/1994/13/Rev.1, decision 1994/13), highlights the need for a reversal of the destructive spiral of poverty, population pressure and environmental degradation. This can be achieved through appropriate programmes for child survival, protection, development and participation. UNICEF-assisted programmes will emphasize three principles: (a) meeting the basic and livelihood needs of communities; (b) facilitating their empowerment for self-directed development; and (c) helping them to better manage their natural resource base. Children and youth will be encouraged to become involved in activities for environmental protection and sustainable development. UNICEF also will introduce an environmental audit procedure into its programmes.

V. HUMAN RESOURCES MANAGEMENT

51. UNICEF human resources must be strengthened and developed if the new challenges facing the organization are to be met. In late 1994, the Division of Personnel (renamed the Division of Human Resources in January 1996) committed itself to begin formulating a human resources strategy as the foundation for the development of appropriate systems for the planning, management and development of UNICEF staff, the organization's most valuable resource. While policies and procedures for recruitment, placement, evaluation and promotion had been developed and updated regularly over time, they lacked a strategic dimension. Decisions on staffing, highly significant both for individual staff members and the organization, too often have been made in a narrow, short-term perspective, inadequately linked to broader organizational concerns.

52. The evolution of the UNICEF mandate in recent years, the increase in the scale and scope of the organization's work and the accompanying expansion and diversification of the workforce require a structured approach to human resources issues. Other factors dictating the necessity of change are external. Globally, the work environment is moving away from lifetime employment and a hierarchical organization towards a more flexible and resilient workforce, rewarded for performance rather than rank, ready to work in teams and to learn, adapt and change.

53. MEP has provided essential guidance to the work on strategy formulation. The Mission Statement lays down the strategic and programmatic framework for UNICEF in the coming years. The ethical counterpart of the Mission Statement, as enunciated in the new guiding principles for UNICEF staff, are fairness, impartiality and respect for diversity and for the individual, which are fundamental to the work in progress on human resources issues.

54. The Human Resources Strategy team, set up within MEP, began work in September 1995, building on experience and knowledge accumulated within the division through extensive consultations both within and outside the organization. The essential characteristics of the strategy have now been defined as follows:

(a) The human resources function will become a full partner in carrying out the strategic mission of UNICEF through participation in and development of the medium-term plan and programme strategies at headquarters, regional and country office levels;

(b) Human resources management is a shared responsibility between the Division of Human Resources and line management, with the latter exercising the same responsibility for human resources as it does for other resources needed to carry out operational work plans for achieving global and/or country-level objectives;

(c) The strategy implies definition of the core capabilities UNICEF uses to provide the services most valued by its key constituencies. Special attention will be given to the development of human resources competencies within the organization to strengthen further its core capabilities for delivering valuable services;

(d) UNICEF will become an organization that values team work and team approaches with access to measures, standards and tools that will allow country offices and other operational teams to assess their own human resources management performance, progress and improvement;

(e) Implementation of the strategy necessitates full access to information and resources, including:

(i) Human resources information databases;

(ii) Examples of "best practices" within and outside UNICEF;

(iii) Ongoing dialogue within the organization and with a network of outside resources on emerging human resources trends and problems;

(iv) Access to relevant training for the development and upgrading of human resources skills;

(f) The strategy emphasizes decentralization and empowerment based on an increasing acceptance of personal responsibility throughout the organization.

VI. THE FINANCIAL PLAN

A. Allocation of programme resources among countries

55. Mobilizing general resources from both Governments and the private sector is a top priority for UNICEF.

56. UNICEF general resources are allocated among countries on the basis of three criteria: (a) child population; (b) GNP per capita; and (c) U5MR. These criteria are weighted in such a way that the allocation per child is highest in the country with the lowest GNP per capita and the highest U5MR, and decrease on a sliding scale as GNP per capita rises and U5MR decreases.

57. The general resources planning levels are calculated using the latest available data on GNP, under-16 child population and U5MR, from the World Bank, the United Nations Population Division and UNICEF, respectively.

58. This principle for computing the allocation of general resources is modified to take into account both very small countries and very large countries. All the small island countries of the Eastern Caribbean are grouped together, as are all of the Pacific Island countries, and a combined general resources allocation is made for each group. Very large countries - those with a child population of more than 10 million - have their allocation reduced on a sliding scale in order to avoid a situation whereby a very few large countries receive nearly all of the available resources.

59. In countries where the net financial support of UNICEF will have to be reduced or phased out, subject to agreement of the Governments concerned, UNICEF will support the development of the capacity of support groups to mobilize resources for children and advocate their cause via structures similar to National Committees for UNICEF in industrialized countries. UNICEF must continue to avail itself of the opportunity to learn from the experience of countries that have improved the situation of children and women. Furthermore, UNICEF should develop and maintain its capacity to play an advocacy role on behalf of children worldwide, while concentrating its financial support on countries with the greatest need. UNICEF is pursuing new modalities of cooperation so that higher-income countries may become "net donors".

B. Allocation of resources for programmes

60. The country programming process determines the allocation of UNICEF resources. UNICEF does not allocate resources by sector at the global level. Instead, the UNICEF Executive Board reviews and approves individual country programme submissions. These country programme recommendations (CPRs) draw on the field-based strengths of UNICEF and its work with country partners. An assessment and analysis of the situation of children and women by UNICEF leads to strategic choices and plans for the allocation of resources by all partners. These are reflected in CPRs, which are presented to the Executive Board for approval.

61. The actual allocation of resources to different programme areas is the cumulative total of expenditures found in individual country programmes. While there has been a steady growth in programme expenditures in recent years, it is expected to hold firm at around $800 million over the coming period of the medium-term plan.

62. UNICEF will remain responsive to the situation of children and women in emergencies as part of its long-term development strategies. Expenditures in emergencies are an integral part of what UNICEF normally does in the areas of health, nutrition, education, water and sanitation. The mix and timing of these interventions in emergency conditions are responsive to immediate needs and to an assessment of those that will contribute most effectively to long-term recovery. Emergency needs are expected to decline somewhat over the coming years of the medium-term plan, but this remains difficult to predict.

63. The country-driven process that determines the overall allocation of resources by UNICEF is an efficient and effective mechanism for responding to national needs and priorities on the basis of the comparative advantage of UNICEF. In countries with smaller UNICEF programmes, programme planning is encouraged to concentrate available resources in ways that are likely to produce a significant, demonstrable impact and that do not spread resources too thinly.

C. Mobilization of resources

64. UNICEF recognizes the serious funding uncertainties confronting the United Nations system as a whole as well as UNICEF itself. UNICEF relies exclusively on voluntary contributions. This has proved to be a strength in the past. The UNICEF strategy to achieve the financial estimates of the medium-term plan will build on trusted partnerships and seek new ones. First, UNICEF will continue and strengthen its dialogue and resource mobilization with traditional partners: member States of the Development Assistance Committee of the Organisation for Economic Cooperation and Development, National Committees for UNICEF and other current donor countries and NGOs. Second, UNICEF will intensify advocacy, fund-raising efforts and dialogue with new partners in both industrialized and newly industrializing countries; other intergovernmental organizations, in particular the World Bank, the regional development banks and the Commission of the European Union; and with the private sector in all countries.

65. Over the past four years, the share of general resources in total income declined from 63 per cent in 1991 to 57 per cent in 1995. This trend of increased emphasis on supplementary funds by traditional donors may inadvertently tilt UNICEF efforts to balance programme resources among countries and by sectors according to the needs of countries. UNICEF will give particular emphasis to the mobilization of general resources, including an emphasis on communicating the significance and impact of general resources funding on various aspects of programme operations by sectors and countries. In particular, UNICEF will work closely with National Committees in designing strategies for resource mobilization campaigns that benefit general resources.

66. For all sources of income, accountability and cost-effectiveness are of paramount importance. UNICEF attaches high priority to finding ways of reporting on contributions that fully meet the needs of donors and the general public. Special attention will be devoted to illustrating the impact of UNICEF core-funded programme activities.

67. For countries in transition to market reform and countries where economic and social indicators indicate that UNICEF should no longer provide general resources, UNICEF will extend particular support to devising strategies, in consultation with concerned Governments, to mobilize domestic resources.

D. Financial medium-term plan for 1996-1999

1995 performance compared with the financial plan

68. The overall financial results for 1995 were consistent with the 1995 financial medium-term plan estimates. Figure V below provides a comparison between the actual 1995 results, the planned 1995 financial activities and the prior year's results.

Income

69. Total UNICEF income for 1995 was $1,011 million. This was $5 million more than the income amount UNICEF reached in 1994. Total income was $20 million more than the 1995 medium-term plan estimate owing to positive foreign exchange movements of about $6 million and net additional contributions of about $14 million.

70. Total general resources income was $537 million. This was $7 million less than forecast in the prior medium-term plan.

71. General resources income from Governments for 1995 was $354 million. This was $12 million less than projected in the medium-term plan. Although most major government donors were able to maintain or slightly increase their contributions in 1995, one donor significantly reduced its contribution compared to 1994. This was the primary reason for the governmental income shortfall compared to plan.

72. General resources income from the private sector (National Committees for UNICEF, NGOs and the Greeting Card and related Operations (GCO)) was $145 million. This was $5 million more than projected in the medium-term plan.

73. Interest income of $23 million was $5 million more than in the plan. Other income of $15 million was the result of miscellaneous income of $13 million and a gain owing to foreign exchange movements of $2 million.

74. Total supplementary funds income was $474 million, $27 million more than in the plan.

75. Private sector contributions to regular supplementary funds were much higher than 1994 and the target figure in the medium-term plan. Government contributions also exceeded expectations, resulting in a total regular supplementary funds income of $311 million. This was $34 million more than forecast in the medium-term plan.

76. Emergency contributions from Governments and the private sector also exceeded the medium-term plan forecast. However, the absence of a major new emergency appeal caused contributions from United Nations inter-organization arrangements to be less than expected. As a result, total contributions for emergencies were $163 million ($7 million less than planned) (figures VI and VII below show income by category and by percentage).

Expenditures

77. Total expenditures in 1995, including write-offs of pledges and other items amounting to $11 million, were $1,023 million. This was $14 million more than the medium-term plan amount.

78. General resources programme expenditures in 1995 were $349 million. This was $5 million less than the planned level.

79. Administrative and programme support expenditures for 1995 were at the planned level of $208 million.

80. Supplementary funds programme expenditures for the year were $455 million ($272 million for regular programmes and $183 million for emergencies). This was $8 million more than the implementation estimated in the 1995 medium-term plan (figure VIII below describes expenditure by type).

Cash and other balance sheet accounts

81. The year-end 1995 cash balance (including special accounts for procurement services and other activities) was $424 million. This was $21 million less than projected in the plan (see figure IX below for information on cash balances from 1990-1995 (actual) and 1996-1999 (planned)).

82. The general resources cash balance at the end of 1995 was $83 million. This consisted of $70 million in convertible currencies and $13 million in non-convertible currencies. The convertible general resources cash balance is the lowest amount held by UNICEF since 1987. The general resources convertible cash balance decreased by $72 million during 1995. The major cause of the decrease was a major donor not making its usual advance partial payment of its general resources contribution.

83. The general resources convertible cash balance is only $13 million more than the minimum liquidity guideline of $57 million.

84. The 1995 supplementary funds cash balance was $268 million, $38 million more than in the medium-term plan. Supplementary funds contributions exceeding planned levels were the primary cause of the increase in supplementary funds cash.

85. In addition to income and expenditures, movements in non-cash assets and liabilities on the balance sheet also affect year-end cash balances. Increases in assets reduce cash balances; increases in liabilities increase cash balances.

86. Contributions receivable are the largest non-cash asset on the UNICEF balance sheet. General resources contributions receivable decreased by $3 million in 1995. Supplementary funds contributions receivable decreased by $1 million.

87. Inventories consist of the Supply Division warehouse and GCO stock. The Supply Division uses inventory to meet the requirements for standard supply items for UNICEF programmes, emergencies and procurement services. At the end of 1995, inventories totalled $46 million, representing a decrease of $7 million.

88. Contributions for following years received in advance appear as a liability on the UNICEF balance sheet. For general resources, this account was $73 million less than the prior year end because a major donor did not make its usual advance partial payment of its general resources contribution. At the end of 1995, contributions received in advance for supplementary funds totalled $5 million.

89. The net effect on general resources cash balances of all changes in non-cash assets and liabilities was to decrease cash by $58 million. For supplementary funds, the net effect on cash balances of all changes in non-cash assets and liabilities was to increase cash by $11 million.

Financial plan for 1996-1999

90. In a period of serious funding difficulties, UNICEF has maintained its overall level of donor support. Although this financial plan forecasts some modest income growth, UNICEF will work hard to earn this support and will give special attention to the effective use of the funds entrusted to it by donors. Special attention will be given to increasing efficiency and strengthening management in order to maximize the amount of funds available for country programmes.

91. The increase in administrative and programme support costs and the decrease in planned general resources programme expenditures are caused primarily by the shift of part of the global funds expenditures from programme costs into programme support costs in the integrated budget for headquarters and regional offices.

92. In addition to the presentation effects of the integrated budget, because of a reduced general resources income forecast, UNICEF is reducing planned general resources programme expenditures compared to last year's financial medium-term plan for 1997 and 1998. Supplementary funds contributions and programme expenditures are close to the levels in last year's plan.

Income projections for 1996-1999

93. Table 1 below shows income projections from various sources. These projections are set for planning purposes and do not imply a commitment by individual donors since all contributions to UNICEF are voluntary. They are in United States dollars using the March 1996 United Nations rates of exchange.

94. This plan shows that most income growth is expected to come from the private sector. Governmental income growth is minimal, especially for general resources.

95. Table 1 shows the yearly projections of income for the period 1997-1999 as a range. The lower end of the range represents a moderate income growth projection. UNICEF uses this projection for determining the affordable expenditure levels presented in the medium-term plan. The higher end of the range represents the target level for UNICEF fund-raising efforts. If UNICEF achieves the higher levels of income, the programme spending levels contained in the medium-term plan would increase. Since the medium-term plan uses the lower end of the range to set spending levels, these are the income projections that appear in all the remaining tables and text in the present document.

96. The financial plan forecasts total income for 1996 of $1,026 million, only about 1 per cent higher than 1995. The plan forecasts that total income will increase to $1,127 million by 1999, using an average annual growth rate of about 3 per cent from 1995 to 1999. UNICEF actual average annual growth for the five years preceding the plan was 5 per cent.

General resources income

97. The financial plan forecasts total general resources income to be $567 million in 1996. Total general resources income is forecast to grow to $612 million by 1999. The average forecasted annual rate of growth from 1995 through 1999 is about 3 per cent.

98. Table 1 below shows the various sources of general resources income. The breakdown is as follows:

(a) Government contributions. Several major donors have indicated that they can maintain or at least slightly increase their contributions for 1996. However, a few donors have indicated a likely reduction in their 1996 contributions to general resources. Government contributions for 1996 are forecast at $362 million, $8 million more than 1995. The financial plan expects government contributions to remain at about this level for the medium-term plan period;

(b) Private sector contributions. The projections are a reflection of the current GCO work plan adjusted for the effects of the timing difference between the GCO and UNICEF fiscal years. Details of the GCO work plan are given in document E/ICEF/1996/AB/L.11 and will be discussed by the Executive Board at its 1996 annual session. Net GCO income includes income from the sale of GCO products and private sector fund-raising. The financial plan forecasts that UNICEF will record private sector income of $165 million in 1996 and that private sector income will increase to $201 million by 1999;

(c) Interest income. The financial plan forecasts that interest income will be $20 million per year throughout the medium-term plan period;

(d) Other income. Other income consists of gains/losses from exchange rate movements and other miscellaneous items. Other miscellaneous income items are forecast to be $20 million per year throughout the plan period.

Supplementary funds income

99. UNICEF receives contributions for supplementary funds for programmes and for emergency relief. Table 1 shows the forecast of these contributions separately. The financial plan forecasts regular programme contributions of $299 million for 1996. Although this is $12 million less than 1995, it is $23 million more than the forecast for 1996 in last year's plan. For the years 1997-1999, regular programme contributions are projected to increase at an average annual rate of 7 per cent, reaching $365 million in 1999. As in last year's plan, the 1996 financial plan forecasts a decrease in contributions to emergencies to $160 million for 1996 and an annual level of $150 million for 1997 through 1999.

Liquidity

100. To meet liquidity requirements, the UNICEF liquidity policy recommends a minimum year-end general resources convertible cash balance equal to 10 per cent of projected general resources income. This financial plan sets planned general resources expenditures at a level that maintains that target.

101. Supplementary programmes are normally fully funded before implementation begins. Therefore, the cash balance for supplementary funds is higher than for general resources. The year-end cash balance can vary widely depending on the timing of the receipt of funds and the implementation of programmes. For example, if large cash contributions are received late in the year, the year-end cash balance will be high because most of the spending on the related programmes will occur in the following year. This financial plan assumes that the supplementary funds cash balance will remain at the 1995 year-end level.

Projected programme expenditures

102. At the beginning of 1996, there was an unspent balance of approved general resources programme commitments of $1,048 million planned for implementation from 1996 through 1999.

103. General resources programmes proposed to the Executive Board in 1996 amount to $530 million. These programme recommendations are summarized in the programme "round-up" document (E/ICEF/1996/P/L.43/Add.2).

104. The plan provides for the preparation of $332 million of general resources programme proposals for the approval of the Executive Board in 1997. If future information about projected income shows levels different from the plan, the scale of programme preparation will be adjusted accordingly.

105. The 1996-1999 level of planned spending is in line with the goal of maximizing programme expenditures while maintaining general resources liquidity. The estimated yearly phasing of expenditures on approved, new and future programme recommendations is shown in table 2 below.

106. The plan proposes general resources programme expenditures of $328 million in 1996. Although this seems $21 million less than 1995, the reduction is caused entirely by global funds expenditures formerly classified as programme expenditures, a part of which is now being classified as programme support costs in the new integrated budget for headquarters and regional offices. Programme expenditures for 1997 through 1999 are consistent with the slow growth forecast of general resources income.

107. Because of the funding difficulties in general resources, the yearly phasing of programme expenditures for previously approved programmes and new programmes to be approved by the Executive Board continue to exceed the affordable spending levels shown in this financial medium-term plan. Therefore, based on the moderate income projections, line 5 in table 2 shows the required spending reductions in approved levels to arrive at the affordable amount of programme expenditures.

108. The unspent balance of programme cooperation from supplementary funds was $537 million at the end of 1995. The financial plan forecasts that supplementary funds programme expenditures will be in line with the expected income levels for 1996 through 1999.

109. Total programme spending for 1996 is forecast at $787 million. The financial plan forecasts total programme expenditures to increase to $793 million in 1997, $817 million in 1998 and $863 million in 1999. However, actual spending will depend on achieving the levels of contributions expected in the present plan.

Administrative and programme support services expenditures

110. At its second regular session of 1996, the Executive Board approved an integrated budget for headquarters and regional offices for 1996 and 1997 (E/ICEF/1996/12 (Part II), decisions 1996/10-1996/14). The planned administrative and programme support services expenditures in this financial medium-term plan reflect the proposed integrated budget for headquarters and regional offices and the administrative and programme support services budget approved for field offices at the third regular session of the Executive Board in 1995 (E/ICEF/1995/9/Rev.1, decisions 1995/30 and 1995/31).

111. For 1998 and 1999, the financial plan assumes a 2 per cent annual growth in administrative and programme support costs.

112. The administrative and programme support cost estimates in this plan make no assumptions about the results of MEP.

Assets and liabilities

113. As explained in paragraph 85 above, movements in non-cash assets and liabilities affect year-end cash balances. Line 4 in tables 3, 4 and 5 below show the forecasted effect of these movements. No significant balance sheet movements are forecast in this plan.

114. At its 1990 regular session, the Executive Board approved a capital asset fund to be used for field office accommodation and staff housing (E/ICEF/1990/13, decision 1990/26). At the end of 1995, $15 million remained to be spent from the fund. Planned spending from this fund is $4 million in 1996, $1 million in 1997, $1 million in 1998, $1 million in 1999 and $8 million beyond 1999.

115. All the above items - income, expenditure and liquidity - are summarized in table 3, with a breakdown of general resources in table 4 and supplementary funds in table 5. Figures VI through IX below show actual and forecasted financial information by source of funds.

116. Although they are not included in UNICEF income and expenditure figures, special accounts for procurement services, transfers from programmes and other activities are a significant part of UNICEF operations. In 1995, disbursements from special accounts totalled $109 million. Table 6 below shows the estimated amount of special account activity for the medium-term plan period.

VII. RECOMMENDATION

117. The Executive Director recommends that the Executive Board adopt the following draft decision:

The Executive Board

1. Takes note of the medium-term plan (E/ICEF/1996/AB/L.10) as a flexible framework for supporting UNICEF programmes;

2. Approves the financial medium-term plan as a framework of projections for 1996-1999 (summarized in table 3 of document E/ICEF/1996/AB/L.10), including the preparation of up to $332 million in programme expenditures from general resources to be submitted to the Executive Board in 1997 (shown in table 2, item 3, of document E/ICEF/1996/AB/L.10). The amount is subject to the availability of resources and to the condition that estimates of income and expenditure made in this plan continue to be valid.

Figure V

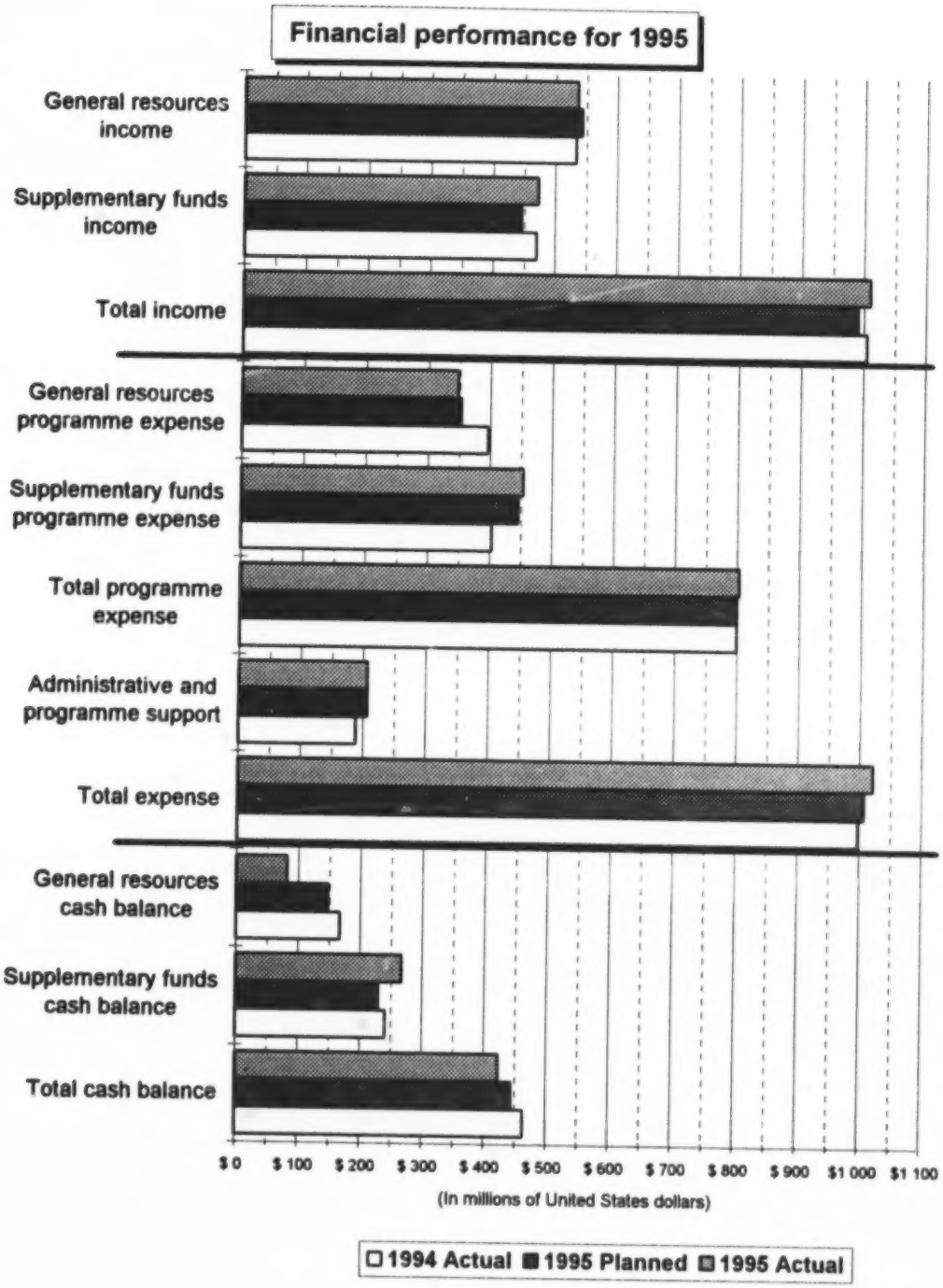

Financial performance for 1995
General resources income
Supplementary funds income
Total income
General resources programme expense
Supplementary funds programme expense
Total programme expense
Administrative and programme support
Total expense
General resources cash balance
Supplementary funds cash balance
Total cash balance
$ 0
$ 100
$ 200
$ 300
$ 400
$ 500
$ 600
$ 700
$ 800
$ 900
$1 000
$1 100
(In millions of United States dollars)
1994 Actual
1995 Planned
1995 Actual

Figure VI

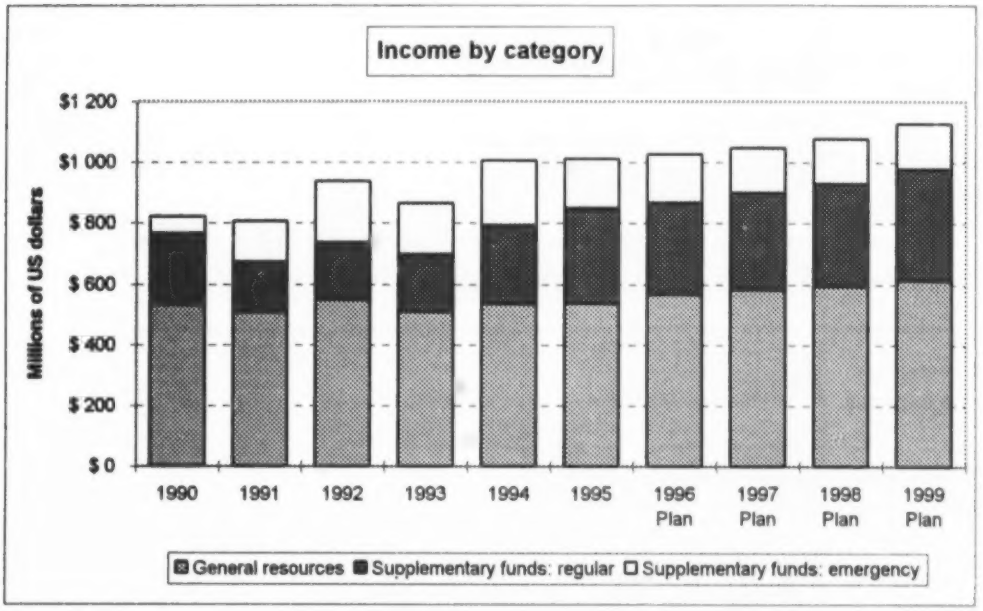


Figure VII

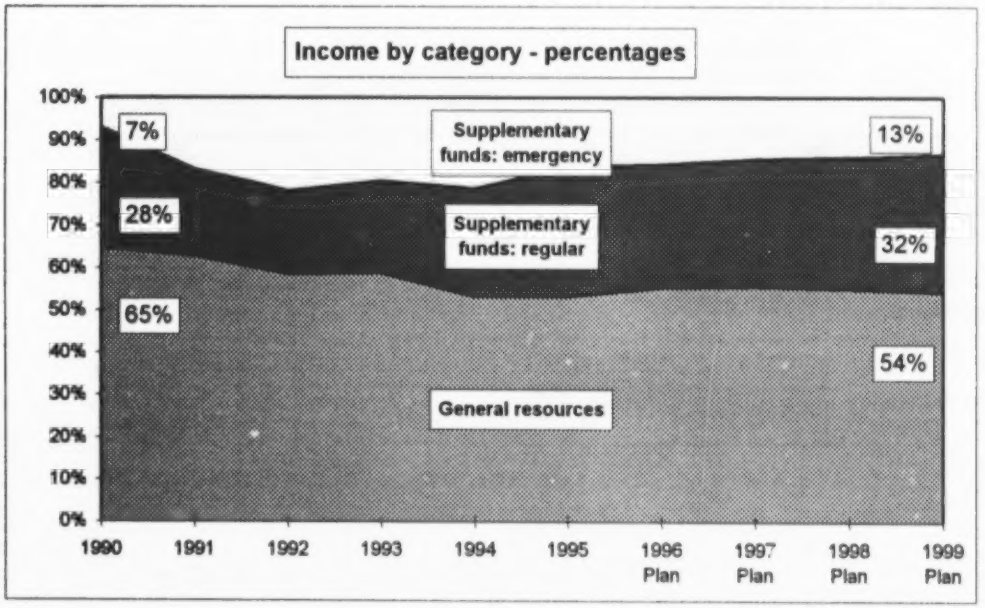


Figure VIII

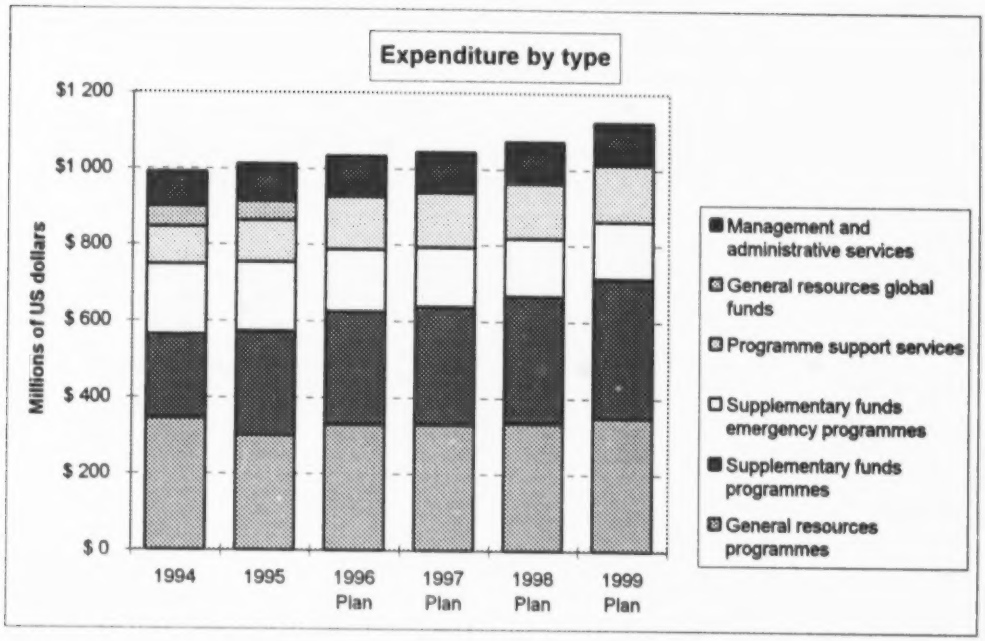


Figure IX

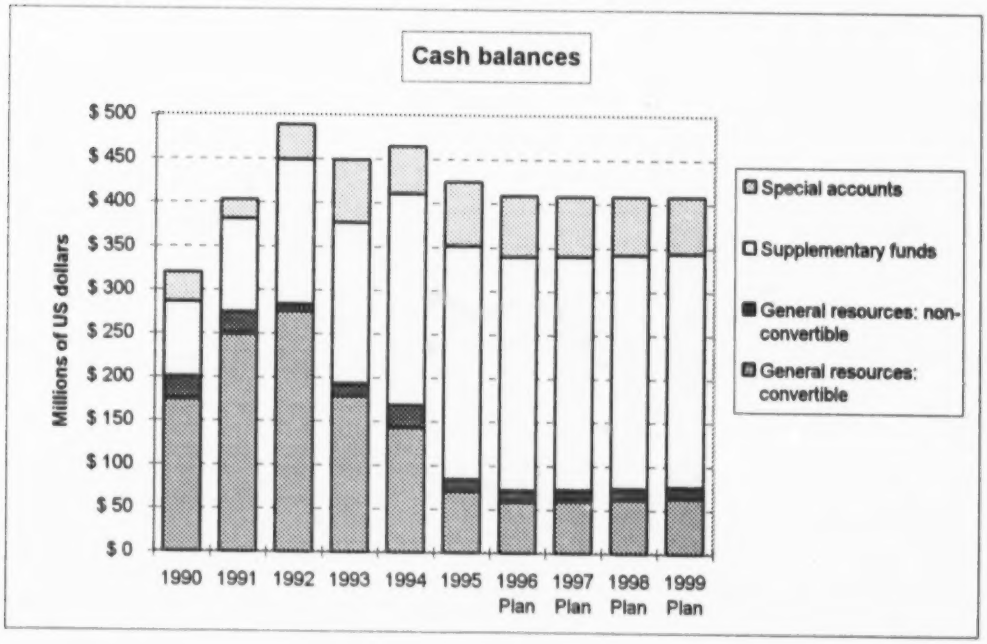


Table 1. UNICEF income projections

(In millions of United States dollars)

	Average % last 5 Years	Actual 1994	Actual 1995	Plan 1996	Plan 1997 a/	Plan 1997 b/	Plan 1998 a/	Plan 1998 b/	Plan 1999 a/	Plan 1999 b/
General resources										
Governments		361	354	362	362	373	365	376	371	382
Private sector		129	145	165	180	185	188	194	201	207
Interest income		18	23	20	20	21	20	21	20	21
Other income		27	15	20	20	20	20	20	20	20
Total, General resources		535	537	567	582	599	593	611	612	630
Growth (%)	0	5	0	6	3	6	2	2	3	3
Supplementary funds										
(a) Programmes										
Governments		160	184	166	175	180	184	190	193	199
Private sector		91	122	130	137	141	148	152	169	174
United Nations		3	2	3	3	4	3	4	3	4
Other income		3	3	0	0	0	0	0	0	0
Subtotal, Programmes		257	311	299	315	325	335	346	365	377
Growth (%)	8	37	21	-4	5	9	6	6	9	9
(b) Emergencies										
Governments		137	117	119	109	119	109	119	109	119
Private sector		58	41	35	35	40	35	40	35	40
United Nations		17	4	6	6	8	6	8	6	8
Other income		2	1	0	0	0	0	0	0	0
Subtotal, Emergencies		214	163	160	150	167	150	167	150	167
Growth (%)	35	26	-24	-2	-6	4	0	0	0	0
Total, Supplementary funds		471	474	459	465	492	485	513	515	544
Growth (%)	11	32	1	-3	1	7	4	4	6	6
Total income		1 006	1 011	1 026	1 047	1 091	1 078	1 124	1 127	1 174
Growth (%)	5	16	0	1	2	6	3	3	5	4

a/ These moderate income projections are used as the basis for determining programme and budget expenditure levels in the medium-term plan.

b/ These higher income levels are presented here as a target for UNICEF fund-raising efforts. If these levels of income are achieved, the programme expenditure levels contained in the medium-term plan would increase.

Table 2. General resources: yearly phasing of estimated expenditures

(In millions of United States dollars)

	1996	1997	1998	1999	Beyond 1999	Total recommendations
Field office recommendations						
1. Programme balances available from funds approved in prior years a/	486	189	157	122	94	1 048
2. Programmes to be submitted to 1996 Executive Board sessions	74	153	93	74	136	530
3. Programmes to be prepared for 1997 Executive Board sessions		1	82	79	170	332
4. Programmes to be prepared for 1998 and future Executive Board sessions			1	52	808	861
5. Implementation adjustment b/	- 252	- 38	- 42	- 38		
6. Estimated allocation of GCO income raised in countries with UNICEF programmes	8	8	8	8		
7. Administrative and programme support approved in 1995	86	89				175
8. Administrative and programme support to be prepared for 1997 Executive Board			90	91		181
Headquarters and regional office integrated budget recommendations						
9. Approval at second regular Executive Board session of 1996	172	174				346
10. To be prepared for Executive Board in 1997			178	182		360
11. Supply warehouse recovery	-9	- 9	- 9	- 9		
12. Subtotal recommendations	565	567	558	561		
13. Unallocated reserve	9	12	30	48		
14. Total expenditures	574	579	588	609		

a/ Allocation by country is shown in statement V I of E/ICEF/1996/AB/L.17.

b/ This amount represents the difference between approved general resources programmes and the affordable amount. The adjustment for 1996 includes $194 million in carry over from prior years, of which $110 million pertains to global funds part which has been included in the integrated headquarters and regional office budget.

Table 3. UNICEF financial plan: summary (general resources and supplementary funds)

(In millions of United States dollars)

	Actual		Plan			
	1994	1995	1996	1997	1998	1999
1 Income	1 006	1 011	1 026	1 047	1 078	1 127
Growth (%)	16	0	1	2	3	5
2 Expenditures						
(a) Programme assistance						
Field offices	725	716	754	760	784	830
Global funds (general resources only)	54	50	0	0	0	0
Headquarters and regional offices	22	38	33	33	33	33
Total programme assistance	801	804	787	793	817	863
Growth (%)	0	0	-2	1	3	6
(b) Programme support						
Gross	104	115	147	151	154	157
Supply warehouse recovery	-5	-6	-9	-9	-9	-9
Total programme support	99	109	138	142	145	148
Growth (%)	6	10	27	3	2	2
(b) Management and administration	91	99	108	109	111	113
Growth (%)	5	9	9	1	2	2
(c) Write-offs and miscellaneous	8	11	0	0	0	0
Total expenditures	999	1 023	1 033	1 044	1 073	1 124
Growth (%)	0	2	1	1	3	5
3 Income less expenditures	7	-12	-7	3	5	3
4 Movements non-cash assets/liabilities	26	-47	-5	-2	-3	-1
5 Year-end cash balance						
(a) Convertible currencies	384	338	326	327	329	331
(b) Non-convertible currencies	26	13	13	13	13	13
Total cash balance	410	351	339	340	342	344

Table 4. UNICEF financial plan: general resources

(In millions of United States dollars)

	Actual		Plan			
	1994	1995	1996	1997	1998	1999
1. Income	535	537	567	582	593	612
Growth (%)	5	0	6	3	2	3
2. Expenditures						
(a) Programme assistance						
Field offices	343	299	325	325	329	345
Global funds	54	50	0	0	0	0
Headquarters and regional offices	0	0	3	3	3	3
Total programme assistance	397	349	328	328	332	348
Growth (%)	-4	-12	-6	0	1	5
(b) Programme support						
Gross	104	115	147	151	154	157
Supply warehouse recovery	-5	-6	-9	-9	-9	-9
Total programme support	99	109	138	142	145	148
Growth (%)	6	10	27	3	2	2
(b) Management and administration	91	99	108	109	111	113
Growth (%)	5	9	9	1	2	2
(c) Write-offs and miscellaneous	3	7	0	0	0	0
Total expenditures	590	564	574	579	588	609
Growth (%)	-1	-4	2	1	2	4
3. Income less expenditures	-55	-27	-7	3	5	3
4. Movements non-cash assets/liabilities	30	-58	-5	-2	-3	-1
5. Year-end cash balance						
(a) Convertible currencies	142	70	58	59	61	63
(b) Non-convertible currencies	26	13	13	13	13	13
Total cash balance	168	83	71	72	74	76
Liquidity guideline compared to year-end cash balance:						
(a) Liquidity guideline	54	57	58	59	61	63
(b) Convertible currency balance net of future year contributions received in advance	69	70	58	59	61	63

Table 5. UNICEF financial plan: supplementary funds

(In millions of United States dollars)

	Actual			Plan		
	1994	1995	1996	1997	1998	1999
1. Income	471	474	459	465	485	515
Growth (%)	32	1	- 3	1	4	6
2. Expenditures						
(a) Programme assistance - regular						
Field offices	197	234	265	278	304	334
Headquarters and regional offices	22	38	30	30	30	30
Total programme assistance - regular	219	272	295	308	334	364
Growth (%)	0	24	8	4	8	9
(b) Programme assistance - emergency						
Field offices	185	183	164	157	151	151
Headquarters and regional offices	0	0	0	0	0	0
Total programme assistance - emergency	185	183	164	157	151	151
Growth (%)	8	- 1	- 10	- 4	- 4	0
(c) Write-offs and miscellaneous	5	4	0	0	0	0
Total expenditures	409	459	459	465	485	515
Growth (%)	2	12	0	1	4	6
3. Income less expenditures	62	15	0	0	0	0
4. Movements non-cash assets/liabilities	- 4	11	0	0	0	0
5. Year-end cash balance						
(a) Convertible currencies	242	268	268	268	268	268
(b) Non-convertible currencies	0	0	0	0	0	0
Total cash balance	242	268	268	268	268	268

Table 6. UNICEF financial plan: special accounts

(In millions of United States dollars)

	Actual		Plan			
	1994	1995	1996	1997	1998	1999
1. Opening balance special accounts:						
For procurement services	53	56	72	70	68	66
With programme link	2	0	1	1	1	1
For other activities	9	12	12	12	12	12
Total	64	68	85	83	81	79
2. Funds pledged/received						
Procurement services	93	140	100	100	100	100
With programme link	4	3	3	3	3	3
Other activities	8	17	17	17	17	17
Total	105	160	120	120	120	120
3. Disbursements						
Procurement services	84	109	87	87	87	87
With programme link	3	3	3	3	3	3
Other activities	5	12	12	12	12	12
Total	92	124	102	102	102	102
4. Funds returned						
Procurement services	6	15	15	15	15	15
With programme link	3	- 1	0	0	0	0
Other activities	0	5	5	5	5	5
Total	9	19	20	20	20	20
5. End balance special accounts:						
Procurement services	56	72	70	68	66	64
With programme link	0	1	1	1	1	1
Other activities	12	12	12	12	12	12
Total	68	85	83	81	79	77

Annex I

SELECTED STRATEGY PAPERS APPROVED BY THE EXECUTIVE BOARD

Title	Document reference
Children in especially difficult circumstances*	E/ICEF/1986/L.3
Overview: children in especially difficult circumstances	E/ICEF/1986/L.6
Development goals and strategies for children: priorities for UNICEF action in the 1990s	E/ICEF/1990/L.5
Revised goals for children and development in the 1990s	E/ICEF/1990/CRP.2
Strategy for improved nutrition of children and women in developing countries	E/ICEF/1990/L.6
Role of UNICEF in the implementation of the Convention on the Rights of the Child	E/ICEF/1991/L.7
Children, environment and sustainable development: UNICEF response to Agenda 21	E/ICEF/1993/L.2
UNICEF programmes for the urban poor	E/ICEF/1993/L.9
Gender equality and empowerment of women and girls: a policy review	E/ICEF/1994/L.5 and Add.1
Health strategy for UNICEF	E/ICEF/1995/11/Rev.1
UNICEF strategies in basic education	E/ICEF/1995/16
UNICEF strategies in water and environmental sanitation	E/ICEF/1995/17 and Corr.1

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* A document entitled "A review of UNICEF policies and strategies on child protection" (E/ICEF/1996/14) will be submitted to the Executive Board at the present session.

Annex II

THE FINANCIAL PLAN PROCESS

1. The financial plan is a framework of projections that, to satisfy the specific financial requirements of UNICEF, has four main purposes:

(a) To estimate future general resources and supplementary funds income;

(b) To plan affordable levels of general resources programme expenditures;

(c) To plan the budgetary estimates necessary to support programme expenditures;

(d) To maintain the liquidity requirement.

2. The financial plan projects income based on the results of the annual pledging conference, recent trends in contributions, the fund-raising targets of the Programme Funding Office and the GCO work plan. Expenditures are based on the outstanding amounts of approved programmes plus estimated expenditures on future programmes. Programme and budget plans, implementation experience and available resources provide the basis for the yearly phasing of expenditures.

3. UNICEF uses income projections to plan and begin programme spending from general resources before receiving actual pledges. Using income projections enables the amount of planned expenditures for a year to be close to the amount of income received for a year. If UNICEF set programme planning levels after receiving income, expenditures would trail rather than match income. The result would be higher cash balances and a lower level of programme implementation.

4. The major source of income to general resources is contributions from Governments. In 1995, contributions from Governments were $354 million, or 66 per cent of income to general resources. Although many countries give to UNICEF, the top 20 donors account for 98 per cent of general resources income from Governments. Therefore, by estimating income for those 20 major donors, UNICEF can reasonably predict total income from Governments.

5. The results from the annual United Nations Pledging Conference for Development Activities are the initial source of information for the current year. In addition, some donors have announced their contribution since the Pledging Conference. When a donor does not pledge, UNICEF has to rely upon the donor's recent history of contributions and any information obtained from meetings and discussions with the donor.

6. UNICEF uses the United States dollar as its currency for financial reporting. Most donors pledge and pay their contributions in their national currencies. This means that income projections are sensitive to changes in the value of the United States dollar. When the value of the dollar decreases, UNICEF income increases; when the value of the dollar increases, UNICEF income decreases. Predicting long-term changes in the value of the United States

dollar with any accuracy is extremely difficult and risky. Consequently, the financial medium-term plan does not try to predict United States dollar movement. UNICEF uses the official United Nations rate of exchange at the publication date of the financial medium-term plan to translate non-United States-dollar income projections into United States dollars.

7. The Executive Board approves budgets for country programme cooperation and the administrative and programme support budget for financing from general resources. For headquarters and regional offices, UNICEF has a biennial budget cycle; the Executive Board reviews the proposed administrative and programme support budget every two years. UNICEF prepares estimates of country programme cooperation to cover a longer period, usually four to five years, according to the national planning cycles of the countries involved. With the introduction of integrated budgets, country offices will prepare their administrative and programme support budgets along with the CPR.

8. General resources programmes prepared for approval by the Executive Board at any given session are such that the resulting expenditures, in combination with previously approved expenditures, allow the most effective use of the resources estimated to be available in the following years.

9. Spending from supplementary funds, except in specific circumstances approved by the Executive Board, begins upon receipt of pledges for supplementary funds programmes previously approved by the Executive Board.

10. Actual amounts of income and expenditures can differ from the plan because:

(a) Income depends upon voluntary contributions;

(b) The rate of expenditures depends upon many factors, some of which are beyond the control of UNICEF;

(c) Fluctuation of rates of exchange, etc., adds considerable uncertainty to income and expenditure projections.

11. UNICEF does not have credit facilities to cover potential differences from planned income and expenditures. If general resources income is lower than estimated, the main regulators of expenditures are:

(a) The amounts of new programmes submitted to the Executive Board for approval;

(b) Reducing the existing administrative and programme support budget;

(c) Slowing spending on already approved programmes.

12. Since these regulators take time to carry out, UNICEF must maintain a certain amount of cash as a liquidity provision. In addition to providing a cushion for planning errors, the liquidity provision covers the cash flow imbalance that normally occurs in the first part of the year when disbursements

exceed receipts. To meet this requirement, the UNICEF liquidity policy recommends a year-end general resources convertible cash balance at least equal to 10 per cent of projected general resources income.

13. To manage the financial plan against uncertainties, UNICEF has a monthly financial monitoring system that reviews progress against the plan, identifies deviations and prompts corrective action as necessary. Furthermore, UNICEF revises the financial plan each year on a "rolling basis" to reflect the latest income estimates. UNICEF uses the revised estimates to update the annual expenditure phasing and to determine the level of estimated programme cooperation to be prepared for the following years.

14. The major purpose of the plan is to enable the Executive Board to review the performance of the previous year's financial plan and UNICEF updated income projections. The plan gives the Executive Board a basis for deciding the total level of programme submissions that UNICEF should prepare for 1997 sessions.